



## Report of the FTA Joint Committee

# General Review of AANZFTA

## Stage One: Review of Implementation 2010-2017

### Note for public version

At the 22<sup>nd</sup> ASEAN Economic Ministers – Closer Economic Relations (AEM-CER) Consultations in September 2017, Ministers welcomed the Report on Stage One of the AANZFTA General Review ([asean.org/the-twenty-second-aem-cer-consultations/](http://asean.org/the-twenty-second-aem-cer-consultations/)) and tasked officials to release a public version. The FTA Joint Committee (FJC) is pleased to release this document to inform stakeholders about progress with AANZFTA implementation.

### Acknowledgements

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### Photo credits

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## Executive Summary

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1. The Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) has been in force for over seven years. When AANZFTA entered into force in 2010 it was a significant step forward: it was ASEAN's most comprehensive and highest quality FTA and remains the largest regional FTA for both Australia and New Zealand.
2. AANZFTA includes provision for regular reviews to improve its implementation. The AANZFTA Parties envisaged that the Agreement would be a 'living' document and need periodic review and updating to ensure it remained the high quality and ambitious Agreement it was when it entered into force, as well as remaining modern and relevant to changing business and trade practices and the evolving regional economic architecture.
3. The first stage of the General Review (this Report) is 'backwards looking', providing for a retrospective assessment of the implementation of AANZFTA to date.

### *Implementation experience has been positive to date*

4. In its first phase, AANZFTA has concentrated on effective implementation. It has been a key platform for Australia and New Zealand's trade and investment engagement with ASEAN and has been a useful 'incubator' for regional cooperation, technical capacity building and policy dialogue. This has contributed to the further development of ASEAN-centred regional economic integration, including the Regional Comprehensive Economic Partnership (RCEP) negotiations, which were launched in November 2012.
5. AANZFTA has an active ongoing implementation agenda, supported by review mechanisms, work programs and institutional arrangements established under the Agreement. All Parties have valued the quality of their engagement in working collectively to support effective implementation. AANZFTA implementation to date has been relatively smooth but there have been challenges implementing Rules of Origin (ROO) requirements and transposition of AANZFTA tariff and product specific rules schedules, as well as delays in progressing the mandated reviews stipulated in the Agreement on non-tariff measures (NTMs), ROO, services and investment.
6. Parties have demonstrated their responsiveness to business needs by negotiating the First Protocol to Amend the AANZFTA Agreement. The Protocol addressed practical issues raised by business by reducing the information requirements imposed on business when completing certificates of origin and simplifying the presentation of the Agreement's ROO. The Protocol was signed on 26 August 2014 and has entered into force for all but one Party. ROO implementation is now tracking more smoothly, as evidenced by the rising number of certificates of origin issued (see Chapter 6, Table 6.2 'Number of AANZFTA CoO Forms issued by Parties during 2012-16'), although there are a number of trade facilitation issues still requiring attention.
7. The Harmonized Commodity Description and Coding System (HS) is an internationally harmonised nomenclature to classify goods for the purposes of levying tariffs and is updated every five years by the World Customs Organization, the last updates being in 2012 and 2017. The process for transposition of these updates into AANZFTA's tariff and product specific rules schedules was identified as an area for improvement because delays in transposition were resulting in unnecessary complexity for business and customs officials. Parties have this year adopted Guidelines for transposing AANZFTA tariff and product specific rules schedules, aimed at streamlining the transposition process and improving transparency.
8. Progress on AANZFTA's mandated reviews has been mixed (see Chapter 6 Table 6.1 'Progress with AANZFTA's Mandated Reviews'). However, a report on the Review of NTMs with recommendations for actions to improve AANZFTA's processes for addressing NTMs was presented to the 22<sup>nd</sup> ASEAN Economic Ministers – Closer Economic Relations (AEM-CER) Consultations in September 2017.
9. One of AANZFTA's innovations was to incorporate economic cooperation as an integral part of the FTA, which has been implemented through the AANZFTA Economic Cooperation Support Program (AECSP). There has been considerable progress under the AECSP and it has been one of the highlights of AANZFTA's implementation. Since 2010, this cooperation has

produced tangible outcomes in the areas of trade in goods, services, investment, intellectual property and competition policy (see Chapter 4, Box 4.1 'Snapshot of key AECSP achievements').

10. The AECSP has contributed to stronger government-to-government linkages between the Parties; supported ASEAN priorities for establishing an ASEAN Economic Community (AEC) as well as supporting national reforms of ASEAN Member States (AMS) in line with AEC commitments; contributed over time to increased business utilisation of AANZFTA; and driven AANZFTA's built-in agenda, although not to the fullest extent possible because of delays in progressing aspects of the mandated reviews. The AECSP has contributed to building institutional and technical capacity in ASEAN and enhanced the capacity of AMS to implement other FTAs and to participate in FTA negotiations.
11. Implementation under AANZFTA has primarily focused on government-to-government engagement, as governments are Parties to the Agreement. This has primarily been through the Agreement's institutional structures whereby the FTA Joint Committee and its subsidiary bodies typically meet on an annual basis to set and progress a work program to implement AANZFTA, including in relation to its built-in agenda (see Chapter 5, Figure 5.1 'Institutional structure under AANZFTA and associated structures'). There has been some limited engagement with the private sector, particularly in the context of addressing implementation issues relating to the First Protocol to Amend the AANZFTA Agreement.
12. While engagement under AANZFTA's institutional arrangements has been largely positive, there is room for improvement and it is clear that the committees and sub-committees that have met more regularly have achieved more significant progress in implementing the Agreement.

#### ***Trade, investment and AANZFTA business utilisation continue to increase***

13. Between 2010-16, trade and investment between the 12 Parties increased. ASEAN's total two-way goods and services trade with Australia and New Zealand increased from AUD 79.9 billion (in 2010) to AUD 93.2 billion (2016) and NZD 10.5 billion (2010) to NZD 14.5 billion (2016) respectively. ASEAN's two-way investment (FDI stocks) with Australia and New Zealand also increased from AUD 42.6 billion (in 2010) to AUD 81.6 billion (2016) and NZD 3.4 billion (2010) to NZD 7.8 billion (2016) respectively.
14. While information on preference utilisation for trade in goods under the Agreement is limited, initial information from Australia and the Philippines indicates that while there is good usage of AANZFTA in some bilateral trade flows, far more trade is using bilateral FTAs when these are available. There would appear to be limited use of AANZFTA as a regional agreement that opens up opportunities additional to those provided by bilateral FTAs. This requires further investigation to assess the extent to which AANZFTA's administrative requirements may hinder its use for regional trade.

#### ***Questions remain over business awareness and use of AANZFTA***

15. Industry inputs to the General Review have highlighted a number of key issues for further work under AANZFTA (see Chapter 3, Box 3.1 'Key issues highlighted by business for future work').
16. With the initial focus on government-to-government engagement, there has been to date limited business-to-government and business-to-business engagement under AANZFTA. Underpinning all future work will be enhancing the way that AANZFTA Parties engage with business in advancing the Agreement. The private sector plays a crucial role in identifying and ultimately addressing impediments to regional economic integration, and business has requested closer engagement. In addition, more work needs to be done on raising awareness of the Agreement among business and investors.
17. AANZFTA Parties could usefully develop a business engagement strategy that could both tap into ASEAN's existing business network structures and incorporate elements specific to the AANZFTA implementation agenda. This could include the growing number of Micro and Small-Medium Enterprises interested in taking advantage of export opportunities as part of the evolving supply chains in the AANZFTA region. Such a strategy could encompass raising business awareness, government-to-business dialogue, business engagement in economic cooperation and collaboration among businesses.

18. It could also be timely to consider appropriate arrangements to engage with civil society, to complement the planned engagement with business.

***The broader regional economic architecture continues to evolve and AANZFTA will need to do so as well***

19. The regional architecture of which AANZFTA forms part has evolved significantly since the Agreement entered into force. Many AANZFTA Parties have concluded other FTAs and all are involved in the RCEP negotiations. While the outcome of the RCEP negotiations will have implications for the General Review, Parties assess that AANZFTA will have ongoing value regardless of RCEP developments. Within ASEAN, the AEC was established in late 2015, and the AEC Blueprint 2025, which lays out a new set of economic goals for ASEAN, was launched.
20. The world economy and global trade have been subdued since the 2008-09 Global Financial Crisis. Although there are currently some encouraging signs of cyclical recovery, there are a number of downside risks, including rising protectionist tendencies in some of the world's major economies. Also evident is rising community concern about whether trade agreements are delivering inclusive growth.
21. In this broader context, it becomes imperative for AANZFTA to progress its built-in agenda and issues of interest to business, as well as to engage with other stakeholders. For example, the Committee on Trade in Goods' recent work on NTMs provides a good basis for progressing work in this area. There is also a pressing need for AANZFTA Parties to expedite unfinished business on ROO and enhance work on other aspects of trade facilitation. In particular, there is considerable potential for more strategic work in the areas of customs procedures, sanitary and phytosanitary measures (SPS) and standards, technical regulations and conformity assessment procedures (STRACAP). Priority should also be accorded to progressing the services and investment built-in agendas, in particular on improving legal certainty and predictability of services regulations and investment regimes, as well as further developing rules in areas where policy frameworks are still developing, such as e-commerce.

***Next steps***

22. Following consideration of the Stage One Report by Ministers (9 September 2017), the next stage of the General Review will focus on making 'recommendations to update, improve, upgrade and unlock the potential of AANZFTA taking into account the AEC Blueprint 2025 and other relevant developments.'







## Chapter 1: Introduction

### Background

1. This Report marks the first, retrospective, stage of the General Review of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). It was prepared by the AANZFTA FTA Joint Committee (FJC) and its subsidiary bodies. AANZFTA entered into force in January 2010 and included provision for regular reviews to update and improve its implementation.

2. Chapter 18, Article 9 of AANZFTA requires Parties to:

*...undertake a general review of this Agreement with a view to furthering its objectives in 2016, and every five years thereafter, unless otherwise agreed by the Parties.*

Ministers at the 21<sup>st</sup> ASEAN Economic Ministers – Closer Economic Relations (AEM-CER) Consultations on 4 August 2016, taking into account developments in the Regional Comprehensive Economic Partnership (RCEP) negotiations, agreed to defer the General Review until 2017.

3. This General Review Stage One Report assesses the benefits the Agreement has brought to Parties and considers its implementation, operation and impact since entry into force. The Report focuses on identifying the key achievements and lessons learned through implementation of the Agreement.
4. AANZFTA has been a key platform for Australia and New Zealand's trade and investment engagement with ASEAN. The Agreement's achievements include:
  - extensive tariff reduction and elimination commitments;
  - regional rules of origin (ROO) aimed at facilitating businesses integrating into supply chains;
  - a number of World Trade Organization (WTO)-plus commitments in services;
  - codified norms for the protection of investors; and
  - a framework for economic cooperation and technical capacity building.

5. The Parties envisaged that AANZFTA would be a 'living' Agreement. It includes work programs (built-in agendas) aimed at ensuring it remains relevant to changing business and trade practices and the evolving regional economic architecture, including the establishment of the ASEAN Economic Community (AEC) in 2015. The Parties agreed to the First Protocol to Amend the AANZFTA Agreement (signed in August 2014 and entered into force in October 2015) to address implementation issues that business had identified with the certificates of origin and ROO more generally.
6. The FJC and its subsidiary bodies are responsible for implementing the Agreement (see Chapter 5 on 'AANZFTA's Institutional Arrangements'). The committees and sub-committees have met with varying levels of frequency, with the FJC meeting annually and reporting to the annual consultations of the ASEAN Economic Ministers (AEM) with the Trade Ministers from Australia and New Zealand (AEM-CER Consultations), through the meetings of their Senior Economic Officials.

## General Review of AANZFTA – Process

7. Ministers endorsed the Terms of Reference for the General Review at the 21<sup>st</sup> AEM-CER in August 2016 (Annex A).
8. Under the Terms of Reference, AANZFTA Parties agreed that the objectives of the General Review would be to:
  - **assess the benefits** of the Agreement having regard to its objectives as set out in the chapters, associated annexes and documents;
  - **consider the implementation, operation and impact** of the Agreement since its entry into force in 2010; and
  - **make recommendations** to update, improve, upgrade and unlock the potential of AANZFTA taking into account relevant developments.
9. In 2017, the FJC agreed a two-stage approach for the General Review. A 'backward-looking' Stage One Report to be submitted to Ministers in September 2017 would assess AANZFTA's impact to date. A 'forward-looking' Stage Two of the Review is scheduled to take place in 2018, with officials developing recommendations for Ministerial consideration at the 23<sup>rd</sup> AEM-CER in August 2018.
10. All AANZFTA committees and sub-committees have been involved in preparing this AANZFTA General Review Stage One Report, which was a key focus of the 9<sup>th</sup> FJC Meeting and Related Meetings in Auckland, from 29 May – 3 June 2017.

## Evolving regional economic architecture

11. Since AANZFTA entered into force there have been a number of relevant developments at the national, regional and multilateral levels. ASEAN's internal integration efforts are described in Chapter 2.
12. In addition to Australia and New Zealand, ASEAN has FTAs with China, Japan, Korea, and India.<sup>1</sup> The level of commitment in these ASEAN+1 FTAs varies. ASEAN, Australia and New Zealand are also all actively engaged in the RCEP negotiations, which include all of ASEAN's current FTA partners. Australia, New Zealand, Brunei, Malaysia, Singapore and Viet Nam were also involved in the negotiations of the Trans-Pacific Partnership Agreement, which was signed in February 2016.
13. Australia and New Zealand have also been engaged in FTA negotiations within the region since AANZFTA's entry into force. These have resulted in concluded agreements, including: the

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<sup>1</sup> See [asean.org/asean-economic-community/free-trade-agreements-with-dialogue-partners/](http://asean.org/asean-economic-community/free-trade-agreements-with-dialogue-partners/).

Malaysia-New Zealand Free Trade Agreement,<sup>2</sup> Malaysia-Australia Free Trade Agreement,<sup>3</sup> and the 2011 and 2016 reviews and amendments of the Singapore-Australia Free Trade Agreement.<sup>4</sup> Australia already has an FTA with Thailand<sup>5</sup> and is also currently engaged in negotiations with Indonesia on a Comprehensive Economic Partnership Agreement.<sup>6</sup> New Zealand also has a Closer Economic Partnership with Singapore,<sup>7</sup> and a Closer Economic Partnership with Thailand.<sup>8</sup> Meanwhile, work continues on the Single Economic Market between Australia and New Zealand.

## Structure of the Stage One Report

14. Chapters 2 to 5 address cross-cutting issues and themes which impact on the implementation of AANZFTA as a whole:
  - AANZFTA's Impact – Regional Economic Integration (Chapter 2), including an examination of ASEAN's internal economic integration efforts;
  - AANZFTA's Impact – Relevance to Business and Business Engagement (Chapter 3), including feedback from business groups, and a reflection on ways AANZFTA implementation could be enhanced through structured and ongoing engagement with business;
  - Economic Cooperation (Chapter 4), including key achievements and lessons learned; and
  - AANZFTA's Institutional Arrangements (Chapter 5), including an assessment of the performance of the Agreement's institutional arrangements in supporting implementation.
15. These cross-cutting chapters have been informed by the FJC's engagement with each of its subsidiary bodies.
16. The FJC Assessment (Chapter 6) distils the key achievements and lessons learned from AANZFTA implementation based on the cross-cutting chapters (Chapters 2-5) and the subsidiary body inputs. The key achievements and lessons learned will inform how AANZFTA Parties approach Stage Two of the General Review, in particular the recommendations that will be made to Ministers on how to "*update, improve, upgrade and unlock the potential of AANZFTA*". Next Steps (Chapter 7) outlines the FJC's proposed approach to Stage Two.

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<sup>2</sup> Came into effect August 2010, [www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/malaysia-fta/](http://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/malaysia-fta/).

<sup>3</sup> Entered into force January 2013, [dfat.gov.au/trade/agreements/mafta/Pages/malaysia-australia-fta.aspx](http://dfat.gov.au/trade/agreements/mafta/Pages/malaysia-australia-fta.aspx).

<sup>4</sup> Entered into force July 2013, [dfat.gov.au/trade/agreements/safta/Pages/singapore-australia-fta.aspx](http://dfat.gov.au/trade/agreements/safta/Pages/singapore-australia-fta.aspx).

<sup>5</sup> Entered into force January 2005, [dfat.gov.au/trade/agreements/tafta/Pages/thailand-australia-fta.aspx](http://dfat.gov.au/trade/agreements/tafta/Pages/thailand-australia-fta.aspx).

<sup>6</sup> See [dfat.gov.au/trade/agreements/iacepa/Pages/indonesia-australia-comprehensive-economic-partnership-agreement.aspx](http://dfat.gov.au/trade/agreements/iacepa/Pages/indonesia-australia-comprehensive-economic-partnership-agreement.aspx).

<sup>7</sup> Entered into force January 2001, [mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/singapore/](http://mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/singapore/).

<sup>8</sup> Entered into force July 2005, [mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/thailand/](http://mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/thailand/).

**Box 1.1 – Historical background to the AANZFTA<sup>9</sup>**

After ASEAN's formation in 1967, the ASEAN Free Trade Area (AFTA) was implemented in 1993. That same year, the then Deputy Prime Minister of Thailand, Dr Supachai Panitchpakdi, visited Australia and suggested that AFTA should establish linkages with other regional trade areas, including the Closer Economic Relations Trade Agreement between Australia and New Zealand (CER), as a means of enhancing multilateral efforts to further liberalise international trade.

Australian and New Zealand Prime Ministerial visits to ASEAN in 1994 provided opportunities to consider closer trade engagement. In September 1995, consultations were held between the ASEAN Economic Ministers (AEM) and Ministers from Australia and New Zealand. Ministers agreed to 'region-to-region linkages' between AFTA and CER. The AEM-CER Consultations have been held annually since that time.

The 1999 AEM-CER Consultations established a High Level Task Force to examine the feasibility of an AFTA-CER Free Trade Area. The Task Force's report, entitled 'The Angkor Agenda'<sup>10</sup> was finalised in 2000. Its first paragraph stated:

'More than ever before, ASEAN and CER have become acutely aware of the necessity of improving the region's competitive strength, if it is to sustain dynamic growth and maintain its significance as an economic and political force as well.'

The second paragraph read:

'We, the members of the High-Level Task Force, after a fairly long period of study and consultations, have concluded that *establishing a free trade area between AFTA and CER* is not only *feasible* but also *advisable* if both ASEAN and CER are at least to keep pace with the rapidly changing world of today.'

The report was produced against the background of: the 1997-98 East Asian Financial Crisis; the rise of economies such as China and India; and the acceleration of FTAs globally following the failure at the 1999 Seattle WTO Ministerial meeting to launch a new round of WTO negotiations.

The report concluded (paragraph 12):

'In a world of constant flux, to stand still is to fall back. ASEAN and CER must take this decisive step. They must seize this unique opportunity to move forward.'

On 30 November 2004, ASEAN, Australian and New Zealand leaders agreed to launch the ASEAN-Australia-New Zealand FTA (AANZFTA) negotiations at the ASEAN-Australia-New Zealand Commemorative Summit in Vientiane, Lao PDR. Leaders agreed to a comprehensive set of Guiding Principles for the negotiations, committing countries to negotiate an agreement covering trade in goods, services and investment; the progressive elimination of all forms of barriers to trade and investment; and full implementation within ten years.

Negotiations commenced in March 2005. Negotiation rounds took place regularly – 16 rounds in four years. AANZFTA was substantially concluded at the AEM-CER meeting in Singapore in August 2008. The Agreement was formally signed on 27 February 2009 in Cha-am, Phetchaburi, Thailand.

AANZFTA entered into force for eight signatories on 1 January 2010: Australia; Brunei Darussalam; Myanmar; Malaysia; New Zealand; the Philippines; Singapore and Viet Nam. The Agreement entered into force for Thailand on 12 March 2010, Lao PDR on 1 January 2011, Cambodia on 4 January 2011 and Indonesia on 10 January 2012.

<sup>9</sup> References: [aanzfta.asean.org/road-to-aanzfta/](http://aanzfta.asean.org/road-to-aanzfta/) and 'Evolution of ASEAN-Australia Trade Relations (4 October 2016)' available at [dfat.gov.au/trade/agreements/aanzfta/resources/Pages/resources.aspx](http://dfat.gov.au/trade/agreements/aanzfta/resources/Pages/resources.aspx).

<sup>10</sup> Available at: [asean.org/angkor-agenda-report-of-the-high-level-task-force-on-the-afta-cer-free-trade-area-in-pdf/](http://asean.org/angkor-agenda-report-of-the-high-level-task-force-on-the-afta-cer-free-trade-area-in-pdf/).





## Chapter 2: AANZFTA's Impact – Regional Economic Integration

### Background

1. AANZFTA serves as an important building block in realising regional economic integration and sustainable economic development. ASEAN regards AANZFTA as the most comprehensive and highest quality FTA concluded by ASEAN. The Agreement promotes closer economic integration among the Parties through liberalising and facilitating trade in goods and services, providing greater certainty and transparency for investment, and improving transparency and cooperation in intellectual property rights, e-commerce, and competition policy.
2. The Agreement served to strengthen ASEAN's regional engagement with Australia and New Zealand, and provided a platform for deeper economic integration in the wider regional architecture. This is especially pertinent in the context of the ongoing RCEP negotiations, which aim to build on and add value to the AANZFTA and the other existing ASEAN+1 FTAs.
3. The establishment of the AEC in 2015, guided by the AEC Blueprint 2015,<sup>11</sup> demonstrated ASEAN's significant achievements in its integration efforts to create a single market and production base, a highly competitive economic region, an equitable economically developed region and a region fully integrated into the global economy. These are being followed through by the AEC Blueprint 2025,<sup>12</sup> which envisions an AEC by 2025 that is highly integrated and cohesive; competitive, innovative and dynamic; with enhanced connectivity and sectoral cooperation; and a more resilient, inclusive, and people-oriented, people-centered community; and integrated with the global economy.
4. One of the most significant benefits of AANZFTA for ASEAN has been through the capacity-building component of AANZFTA delivered through the AANZFTA Economic Cooperation Support Program (AECSP). Since its establishment in 2010, the AECSP has produced tangible outcomes in the areas of trade in goods, services, investment, intellectual property and competition policy through sharing of experiences and expertise. By July 2017, over 6,800 people had benefited from AECSP capacity development and policy dialogue activities. The

<sup>11</sup> Available at [asean.org/wp-content/uploads/archive/5187-10.pdf](http://asean.org/wp-content/uploads/archive/5187-10.pdf).

<sup>12</sup> Available at [asean.org/storage/images/2015/November/aec-page/AEC-Blueprint-2025-FINAL.pdf](http://asean.org/storage/images/2015/November/aec-page/AEC-Blueprint-2025-FINAL.pdf).

extensive support provided through the AECSP has helped drive economic integration among the Parties as well as supported ASEAN's own priorities in building the AEC.

5. Assistance provided through projects and programs (including the Competition Law Implementation Program (CLIP) and the ASEAN Qualifications Reference Framework (AQRFF)) has contributed to ASEAN's national economic reform agendas. The AECSP has also supported enhancing competitiveness and business confidence through accession to and/or implementation of international accords on intellectual property, knowledge-sharing and regional cooperation in the area of competition, and engagement of more stakeholders in the integration process by providing fora to discuss emerging regional trade issues.
6. Such initiatives also address regional implementation gaps among ASEAN Member States (AMS), with the most benefit for the least developed members. Projects also contribute to building institutional and technical capacity in ASEAN so AMS can better engage in emerging regional architecture such as other ASEAN engagements (ASEAN+1) and the RCEP negotiations.
7. Since May 2010, all of the projects endorsed by the FJC have considered deepening economic integration as part of the projects' objectives. Engagement across the AECSP has followed a two-pronged approach of cross-border cooperation and narrowing the capacity gap at the national level. Results achieved at the national level are expected to advance and sustain economic integration at the regional level. This approach enables the AECSP to provide clear contributions to AANZFTA regional economic integration and strengthen the links between the Parties. See Chapter 4 for details on AECSP projects and programs.

## Looking ahead

8. The world economy and global trade have been subdued since the 2008-09 Global Financial Crisis. The East Asia and Pacific region is projected to grow at 6.2% in 2017, and at a slightly lower 6.1% on average in 2018-19. Downside risks are mainly external including increasing policy uncertainty and increased protectionism in key advanced economies, and the risk of an abrupt tightening of global financing conditions.<sup>13</sup> Trade links within sub-regions have continued to strengthen while inter-sub regional trade has weakened and the negative impact of non-tariff measures (NTMs) has become more significant.<sup>14</sup> Against this backdrop, Parties should consider ways forward with a view to enhancing the FTA's effectiveness in overcoming such challenges and boosting national and regional economic resilience through greater cooperation.
9. In the context of building blocks, the FTA's successes in driving regional economic integration forward, specifically through capacity-building programs, should continue. The well-structured institutional framework of AANZFTA provides for the development of a substantive FTA work program. It can serve as a model for ASEAN-based FTA implementation due to its demand-driven nature and alignment with the Parties' priorities, strong synergies with AEC objectives and support to national economic reform agendas.
10. Parties should give further consideration to AANZFTA's relationship with RCEP and specifically potential complementarities. While it has provided a valuable basis for developing RCEP, it is worth looking at AANZFTA as an "incubating platform" or "test-bed" for initiatives that could potentially be implemented in the broader context, such as RCEP.
11. Some work may be needed in elevating AANZFTA's profile given the low utilisation of AANZFTA when compared to bilateral FTAs. Parties may consider greater engagement with businesses and promote awareness/outreach of the benefits of AANZFTA. Given that Micro, Small and Medium Enterprises (MSMEs) account for 98% of businesses in Asia,<sup>15</sup> Parties may wish to consider ways to incorporate MSMEs in the FTA's framework and facilitate more

<sup>13</sup> World Bank Group Report on Global Economic Prospects, June 2017. Available at [openknowledge.worldbank.org/bitstream/handle/10986/26800/9781464810244.pdf](https://openknowledge.worldbank.org/bitstream/handle/10986/26800/9781464810244.pdf).

<sup>14</sup> Asia Development Bank Report on Asian Economic Integration 2016. Available at [adb.org/sites/default/files/publication/214136/aeir-2016.pdf](https://adb.org/sites/default/files/publication/214136/aeir-2016.pdf).

<sup>15</sup> Asian Development Bank Institute Working Paper 564, April 2016. Available at [adb.org/sites/default/files/publication/182532/adbi-wp564.pdf](https://adb.org/sites/default/files/publication/182532/adbi-wp564.pdf).

engagement with MSMEs so as to gain greater access to global value chains. Business engagement is discussed in detail in Chapter 3 of this Report.

Further work is needed to improve outcomes in AANZFTA's implementation. Many of the built-in agenda items, specifically on ROO, services and investment, have not been completed. Therefore, more effort is needed to ensure momentum and appropriate follow-up of the built-in agenda. As acknowledged during the 9<sup>th</sup> FJC Meeting in Auckland, there is also potential for more strategic work and greater engagement in the areas of customs, sanitary and phytosanitary measures (SPS) and standards, technical regulations and conformity assessment (STRACAP).







## **Chapter 3: AANZFTA's Impact – Relevance to Business and Business Engagement**

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1. Australia and New Zealand both have significant trade and investment relationships with ASEAN, which have continued to grow since AANZFTA entered into force on 1 January 2010.

### **Data on Australian-ASEAN trade and investment**

2. Australia's total two-way goods and services trade with ASEAN has increased by 16.4 per cent since 2010, from AUD 79.9 billion in 2010 to AUD 93.2 billion in 2016. Collectively, ASEAN accounted for 13.8 per cent of Australia's total two-way goods and services trade in 2016.
3. Australia's two-way merchandise trade with ASEAN increased from AUD 62.5 billion in 2010 to AUD 68.4 billion in 2016. Petroleum is the major traded item and is an important part of the trading relationship, but has been variable and subject to significant fluctuations (e.g. Australian imports of petroleum from ASEAN were AUD 15.9 billion in 2010 and AUD 9.2 billion in 2016; and petroleum exports from Australia to ASEAN were AUD 4.1 billion in 2010 and AUD 3.0 billion in 2016). Including petroleum in the trade figures may disguise broader trends underpinning trade flows across traded goods generally. Australia's non-petroleum merchandise imports from ASEAN increased from AUD 24.8 billion in 2010 to AUD 32.6 billion in 2016, and Australia's non-petroleum merchandise exports to ASEAN increased from AUD 17.7 billion to AUD 23.5 billion over the same period.
4. Australia's two-way services trade with ASEAN increased from AUD 17.4 billion in 2010 to AUD 24.8 billion in 2016. Australia's services imports from ASEAN increased from AUD 9.9 billion in 2010 to AUD 13.3 billion in 2016. Over the same period, Australia's services exports to ASEAN grew from AUD 7.7 billion to AUD 11.5 billion.
5. ASEAN's foreign direct investment (stock) in Australia increased from AUD 25.8 billion in 2010 to AUD 43.9 billion in 2016. Over the same period, Australia's foreign direct investment (stock) in ASEAN increased from AUD 16.8 billion to AUD 37.8 billion.

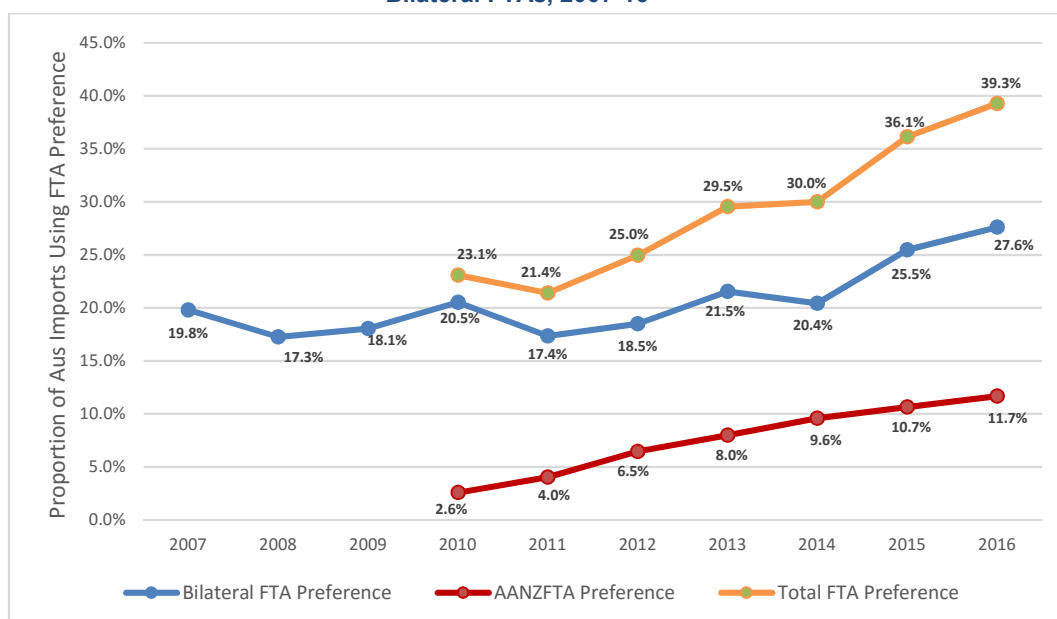
## Data on New Zealand-ASEAN trade and investment

6. New Zealand's total two-way goods and services trade with ASEAN has increased by 18 per cent since 2010, from NZD 12.3 billion in 2010 to NZD 14.5 billion in 2016. Collectively, ASEAN accounted for 11 per cent of New Zealand's total two-way goods and services trade in 2016.
7. New Zealand's two-way merchandise trade with ASEAN increased from NZD 10.2 billion in 2010 to NZD 11.3 billion in 2016. Vehicles are New Zealand's largest single merchandise import from ASEAN, with 2016 imports reaching NZD 1.2 billion, up from NZD 366 million in 2010.
8. Dairy is New Zealand's largest export to ASEAN, but has been variable and subject to price fluctuations. New Zealand exports of dairy to ASEAN were NZD 2.1 billion in 2010, reached NZD 2.8 billion in 2014, and declined to NZD 2.1 billion in 2016. (New Zealand dairy imports from ASEAN were NZD 3.5 million in 2010 and NZD 793,000 in 2016). New Zealand's non-vehicle merchandise imports from ASEAN decreased slightly from NZD 5.4 billion to NZD 5.3 billion between 2010 and 2016.
9. New Zealand's two-way services trade with ASEAN increased from NZD 2.1 billion in 2010 to NZD 3.1 billion in 2016. New Zealand's services imports from ASEAN increased from NZD 1.3 billion in 2010 to NZD 1.8 billion in 2016. Over the same period, New Zealand's services exports to ASEAN grew from NZD 796 million to NZD 1.3 billion.
10. ASEAN's foreign direct investment (stock) in New Zealand increased from NZD 1.9 billion in 2010 to NZD 5.2 billion in 2016. Over the same period, New Zealand's foreign direct investment (stock) in ASEAN increased from NZD 1.5 billion to NZD 2.5 billion.

## AANZFTA preference utilisation

11. While information on preference utilisation for trade in goods under the Agreement is limited, initial information from Australia and the Philippines indicates that while there is good usage of AANZFTA in some bilateral trade flows, far more trade is using bilateral FTAs when these are available. There would appear to be limited use of AANZFTA as a regional agreement that opens up opportunities additional to those provided by bilateral FTAs (see Figure 3.1). This requires further investigation to assess the extent to which AANZFTA's administrative requirements may hinder its use for regional trade.

**Figure 3.1 – Australian Import Clearances for Goods from all AANZFTA Parties: under AANZFTA and Bilateral FTAs, 2007-16**



## Feedback from business

12. The private sector plays an important role in identifying and addressing impediments to regional economic integration. Particularly where barriers to trade and investment extend behind the border, it is crucial for governments to draw on the experience of businesses and investors to better understand the practicalities of regional trade.
13. In preparing this Report, the FJC Co-Chairs wrote to the ASEAN Business Advisory Council (ASEAN-BAC) to seek its views on the Agreement and remaining impediments to trade and investment in the region. Co-Chairs also sought feedback from local business chambers and peak bodies. Public submissions by the Australian Chamber of Commerce and Industry and the Export Council of Australia are available on the Australian Government Department of Foreign Affairs and Trade (DFAT) website.<sup>16</sup>
14. Overall feedback from business on AANZFTA's contribution to regional trade was positive. The benefits of tariff reductions and elimination were considered significant contributors to increased exports for certain sectors, including agriculture.
15. Business also identified a number of areas for further work under AANZFTA. These included addressing the persistence of NTMs; improving legal certainty and predictability on services regulations and investment regimes; and further development of rules in areas where policy frameworks are still developing, for example on e-commerce (see Box 3.1).

### Box 3.1 – Key issues highlighted by business for future work

Business responses identified a number of key issues for future work under AANZFTA. These include:

#### ➤ Non-Tariff Measures

Businesses consider NTMs to be a serious impediment to trade and the ability of companies to provide high quality products to consumers. Some businesses suggested harmonisation of standards as an area for further work in the AANZFTA General Review.

#### ➤ Tariffs

Some exporters continue to face significant tariffs; addressing these is seen as a priority by those businesses affected.

#### ➤ Certificates of Origin

Some exporters, noting that documentation requirements can be burdensome, sought improvements to the certification regime (including self-certification). Exporters also called for implementation of the First Protocol by the remaining AANZFTA Party.

#### ➤ Trade facilitation

Exporters suggested that trade facilitation be addressed further through AANZFTA, including by updating the Agreement to build upon the WTO Trade Facilitation Agreement.

#### ➤ SPS and STRACAP

Businesses suggested strengthening these Chapters of AANZFTA to provide for recognition of equivalence in regulation.

#### ➤ Regulatory cooperation

Given regulatory requirements differ across the region (particularly for labelling, import/export certification and product registration), business is keen to improve regulatory cooperation with a view to streamlining and simplifying requirements across the region.

#### ➤ Professional services and qualifications recognition

<sup>16</sup> Available at: [dfat.gov.au/trade/agreements/aanzfta/Pages/general-review-of-the-asean-australia-new-zealand-fta.aspx](http://dfat.gov.au/trade/agreements/aanzfta/Pages/general-review-of-the-asean-australia-new-zealand-fta.aspx).

Businesses are seized with the benefits of providing for recognition of qualifications across the region.

➔ **Addressing the ‘noodle bowl’**

Some businesses were concerned about the proliferation of overlapping FTAs and the complexity this creates for business. These businesses discouraged further negotiations until the conclusion of RCEP.

➔ **Outreach**

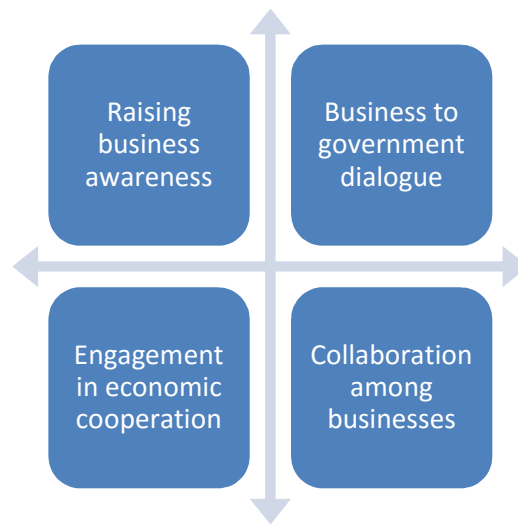
Respondents reported a knowledge gap when it came to existing trade agreements, including AANZFTA.

## **Institutional structures for business engagement**

16. The FJC is committed to strengthening engagement with business in the context of AANZFTA's implementation and establishing the most appropriate institutional arrangements to do so. Since the Agreement entered into force in 2010, the FJC and its subsidiary bodies have had a number of ad-hoc interactions with business, including to address implementation issues related to the First Protocol to Amend the AANZFTA Agreement.
17. ASEAN-BAC, launched in April 2003, is mandated to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration. ASEAN-BAC's remit has broadened over time to incorporate business interactions with Dialogue Partners, including Australia and New Zealand. In 2013, the ASEAN-BAC established a Statement of Cooperation with relevant Business Advisory Councils and Associations affiliated with ASEAN's Dialogue Partners.
18. During the annual ASEAN Economic Ministers' Meetings, ASEAN-BAC and a number of its Dialogue Partner Business Councils engage in direct dialogues with Ministers. For 2017, these include the Canada-ASEAN Business Council meeting with the AEM-Canada Consultations, the US-ASEAN Business Council with the AEM-USTR Consultations, the ASEAN-Korea Business Council with the AEM-ROK Consultations, the Federation of Japanese Chambers of Commerce and Industry in ASEAN with the AEM-METI Consultations and the East Asia Business Council with the AEM Plus Three Consultations.
19. New Zealand and Australia both have business groups accredited as ASEAN Plus One Business Councils: for New Zealand, the ASEAN New Zealand Business Council; and for Australia, the Australia-ASEAN Business Council jointly with the Australia-ASEAN Chamber of Commerce. Until 2017, there had been no direct Ministerial engagement with these groups at the AEM-CER Consultations. In the light of the ongoing AANZFTA General Review, an ASEAN-CER Business Engagement Session was held for the above-mentioned business groups to engage with Ministers at the 22<sup>nd</sup> AEM-CER Consultations in Manila in September 2017.

## **Business engagement – Looking ahead**

20. The AEC Blueprint 2025 refers to the private sector's important role in terms of its structured participation in the implementation of the AEC 2025 goals. Similarly, practical business input and further business engagement within the AEM-CER and AANZFTA contexts will be necessary to support a commercial focus to addressing impediments to regional economic integration.
21. As business models change and regional economic integration deepens, we are witnessing a shift in the types of businesses engaged in international trade. Specifically, there are a growing number of MSMEs interested in taking advantage of export opportunities as part of the evolving supply chains in the AANZFTA region. These MSMEs are interested in engaging in discussions with governments on how trade agreements can benefit businesses of all sizes.
22. As part of the General Review process, AANZFTA Parties could develop a business engagement strategy that both taps into ASEAN's existing business network structures and incorporates elements specific to the AANZFTA implementation agenda. Such a strategy could encompass the following four key areas:



### Raising business awareness

23. Given the growing number of bilateral and regional trade agreements, it is important to generate greater awareness among business of how to access the benefits of these agreements. We should continue to refine our advocacy and outreach efforts so that businesses have sufficient access to information to avail themselves fully of the benefits of AANZFTA.
24. One area where AANZFTA Parties have continued to improve their business outreach is through websites and online tools. In 2017, the AANZFTA Support Unit (ASU) in the ASEAN Secretariat completed the reconstruction of the AANZFTA website ([aanzfta.asean.org](http://aanzfta.asean.org)) to make it more accessible and business-friendly. Online “tariff finders”, which assist businesses in determining tariff rates available under FTAs, are now in place within ASEAN, Australia and New Zealand:

ASEAN: [tariff-finder.asean.org/](http://tariff-finder.asean.org/)

Australia: [ftaportal.dfat.gov.au/](http://ftaportal.dfat.gov.au/)

New Zealand: [tariff-finder.fta.govt.nz/](http://tariff-finder.fta.govt.nz/)

### Business to government dialogue

25. As part of the General Review, AANZFTA Parties should consider appropriate structures for effective engagement with business. While the AFTA-CER Business Council<sup>17</sup> format served a purpose in the early years of the ASEAN-CER relationship, we should consider alternative models of engagement between the private sector and Parties. Further opportunities for business to engage with the FJC at its annual meeting would be helpful to inject business perspectives aimed at continued improvements to the Agreement. A revitalised process for business engagement at the annual AEM-CER Consultations could be another element, including direct interaction with Ministers (see paragraph 19).
26. It would be helpful to strengthen opportunities for business input on AANZFTA's implementation, including the built-in agendas and work programs of subsidiary bodies. For example, business input could assist with work on NTMs and with reviewing and influencing ROO provisions.

<sup>17</sup> In the context of their economic engagement in the early 2000s, ASEAN, Australia and New Zealand established a formal structure to engage business, but this was not sustained. The Ministerial Declaration on the ASEAN Free Trade Area-Closer Economic Relations Closer Economic Partnership (AFTA-CER CEP) in 2002 established “an AFTA-CER Business Council, comprising high-level representatives from the respective business communities, which will provide ASEAN and CER Ministers with advice on the scope and implementation of the AFTA-CER CEP and enhance business sector contributions to the AFTA-CER cooperation. The AFTA-CER Business Council (ACBC) will have the opportunity to meet and report to Ministers.” The last AFTA-CER Business Council engagement with ASEAN and CER Ministers was at the 8th AEM-CER Consultations in 2003.



## **Engagement in economic cooperation**

27. One of the “success stories” of AANZFTA has been the AECSP. Most of the activities to date have involved capacity building or strengthening institutional linkages at the government-to-government level. Some AECSP outputs, including the Guide for ASEAN Businesses (2009) and Primer on Rules of Origin (2009),<sup>18</sup> have aimed to benefit the private sector.
28. It may be timely to consider opportunities for further private sector engagement in AANZFTA’s economic cooperation agenda. For example, the private sector could play a useful role in the design and implementation of economic cooperation projects under AANZFTA.

## **Collaboration among businesses**

29. As part of our efforts to maximise the benefits of regional agreements such as AANZFTA, Parties should consider how to assist businesses to develop networks for collaboration so that they can enhance their participation in regional value chains. Such efforts could be pursued under the existing structures of the ASEAN-BAC and its interactions with Dialogue Partners.

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<sup>18</sup> Available at: [aanzfta.asean.org/for-businesses/](http://aanzfta.asean.org/for-businesses/).



## Chapter 4: Economic Cooperation

1. AANZFTA Parties acknowledge that economic cooperation has been a key success of the Agreement's implementation. ERIA's 2017 Regional Assessment of the AANZFTA's Impact and Benefits to ASEAN found that the "economic cooperation chapter is technically the backbone of the AANZFTA. The impact and capacity building footprint effected via the ECWP [*Economic Cooperation Work Program*] programmes is a significant driver of economic integration in the region and must be continued, strengthened, and replicated in future trade agreements".
2. This chapter presents the background to the AECSP, an overview of the portfolio of projects and key achievements. It also provides a brief assessment of the Program. Lessons learnt by the Parties through implementing the Program can be found in Chapter 6.

### Historical background to economic cooperation in AANZFTA<sup>19</sup>

3. Economic cooperation was an integral element of the AANZFTA negotiations. Throughout the negotiations, Australia and New Zealand provided a number of capacity building activities to enhance AMS' capacity to participate in FTA negotiations.
4. Economic cooperation was also an integral part of the outcome of the AANZFTA negotiations. AANZFTA was the first FTA in which Australia included an Economic Cooperation chapter and the first FTA for both Australia and New Zealand which included an accompanying Economic Cooperation Work Program (ECWP). The latter took the form of an Implementing Arrangement, signed by all parties, formally integrating the ECWP into the overall FTA package, with priority accorded to activities that would enhance ASEAN's implementation capacity and boost economic integration between the Parties. The AECSP was subsequently established in 2010 by the AANZFTA Parties.
5. In August 2011, Ministers endorsed the FJC's 'Strategic Approach to Economic Cooperation' (adopted in June 2011) which included four objectives:

<sup>19</sup> Further background on the development of economic cooperation under AANZFTA can be found in the AECSP Design Document (November 2009), available on the AANZFTA website: [aanzfta.asean.org/aecsp-overview](http://aanzfta.asean.org/aecsp-overview).

- **operationalisation** of AANZFTA;
- AANZFTA's **built-in agenda**;
- **economic integration** among the Parties; and
- **business utilisation** of AANZFTA.

## Structure and governance of the AECSP

6. The two pillars of the AECSP are:

- *Pillar 1: Economic Cooperation Work Program (ECWP)* to support the AANZFTA committees and sub-committees in the implementation of AANZFTA through the following nine components: (i) Rules of Origin and Other Tariff Commitments; (ii) Sanitary and Phytosanitary Measures (SPS); (iii) Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP); (iv) Services; (v) Investment; (vi) Intellectual Property (IP); (vii) Sectoral Integration; (viii) Customs; and (ix) Competition.
- *Pillar 2: AANZFTA Support Unit (ASU)*, established in 2010, embedded within the ASEAN Secretariat to assist the FJC (and the Economic Cooperation Sub-Committee) to track the implementation of AANZFTA through economic cooperation, to manage the utilisation of the contributions, and monitor and evaluate the AECSP. The ASU also provides extensive support to the committees and sub-committees in their implementation of ECWP projects.

7. In December 2009, the FJC agreed to establish an Ad-hoc Economic Cooperation Budget Sub-Committee to assist the FJC in considering the annual budget for the AECSP. In July 2015, the FJC approved revised terms of reference to broaden the mandate of the Sub-Committee to include advising the FJC and subsidiary bodies on project design, implementation, monitoring, evaluation and strategic direction of the AECSP based on the priorities set out by the FJC. The FJC also decided to rename the Sub-Committee the “Economic Cooperation Sub-Committee” (EC-SC) to reflect its broader mandate. The typical project approval process includes approval by the relevant subsidiary body, then the EC-SC and lastly the FJC.

## Developments since 2010

8. An AECSP Assessment undertaken by the FJC in 2015 (FJC Assessment) found that the program delivered tangible outcomes in capacity building, institutional cooperation and support for the AANZFTA built-in agenda.<sup>20</sup> The FJC Assessment recommended that the program adopt a longer term programmatic approach and strengthen its monitoring and evaluation (M&E) processes. Implementing these recommendations has enhanced the strategic direction of the program. Developments include the recruitment of a full time M&E and Communication Officer in the ASU and a move towards prioritising a smaller number of core projects that meet ECWP objectives.
9. Program quality has been further enhanced by the provision of funding for design expertise, made available to larger projects and on demand from 2016. At the request of Cambodia and Lao PDR, the ASU organised a sub-regional training workshop to develop technical expertise in project design and proposal development for officials from Cambodia, Lao PDR, Myanmar and the ASEAN Secretariat.<sup>21</sup>
10. The FJC Co-Chairs provided guidance to subsidiary bodies in January 2016 (reaffirmed in 2017) regarding the types of projects that should remain a focus for support through the AECSP, namely: those that progress the built-in agenda; build on earlier projects or phases to ensure longer term and sustainable outcomes; align with ASEAN's AEC Blueprint 2025; and achieve deeper economic integration among Parties. In addition, the FJC Co-Chairs

<sup>20</sup> See [dfat.gov.au/trade/agreements/aanzfta/Documents/aecsp-fjc-assessment.pdf](http://dfat.gov.au/trade/agreements/aanzfta/Documents/aecsp-fjc-assessment.pdf).

<sup>21</sup> Further information about the sub-regional training workshop on project design and proposal development can be found in this press release: [aanzfta.asean.org/aanzfta-workshop-held-to-enhance-parties-capacity-in-project-design-and-proposal-development/](http://aanzfta.asean.org/aanzfta-workshop-held-to-enhance-parties-capacity-in-project-design-and-proposal-development/).



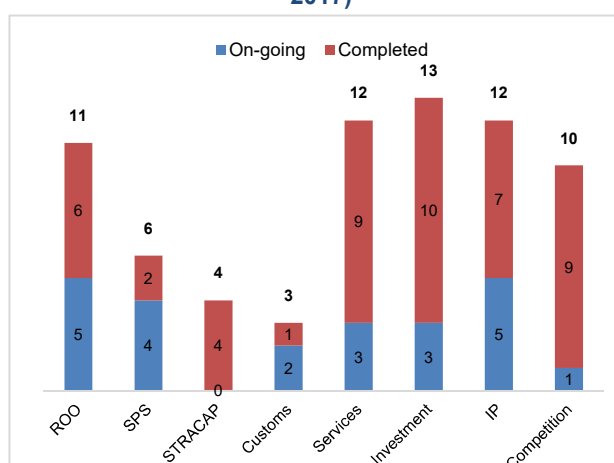
encouraged all committees and sub-committees to prioritise projects that would support the General Review.

11. An AECSP monitoring and evaluation framework was developed in 2011, and has been progressively revised as the Program has matured. M&E relies on the project progress, completion, and financial reports submitted by ECWP project proponents and implementing parties as the primary source for collecting information on outcomes. The ASU has also gathered supplementary M&E data from the following sources: ASU monitoring/stakeholder interviews; feedback from ASEAN Secretariat focal divisions and other project stakeholders; summaries of discussions from AANZFTA Committee and Sub-Committee meetings; and external evaluations commissioned by project implementing parties and/or AANZFTA Parties, where available. In August 2016, the ASU established an integrated M&E database to track AECSP implementation, budget utilisation and results, contributing to a more robust M&E system.

## Program overview

12. The AECSP is a partnership program, with AANZFTA Parties driving the planning, prioritisation and implementation of ECWP projects with the support of the ASEAN Secretariat and the ASU. ECWP projects directly address priorities identified under AANZFTA subsidiary body work plans. These projects are also closely linked with relevant AEC Blueprint 2025 objectives/targets, ASEAN sectoral strategies and national economic reform agendas.

**Figure 4.1 – Number of ECWP projects (as of 31 July 2017)**



13. As of 31 July 2017, the FJC had approved a total of 71 ECWP projects: 48 were successfully completed and 23 projects remained active (see Figure 4.1). Of the 71 projects, 53 were focused on capacity building (including in-country training and secondment programs), 11 on analytical studies and policy advice, and seven on policy dialogue and awareness-raising.

**Figure 4.2 – ECWP projects by initiating party (as of 31 July 2017)**

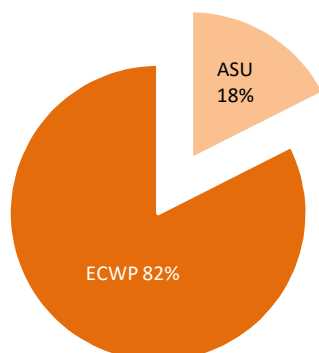
Number of projects	Initiated by
45	ASEAN, of which:
5	Cambodia, Lao PDR and Myanmar
22	Other ASEAN Member States
18	ASEAN Secretariat
22	Australia and New Zealand
4	AANZFTA Committees/Sub-Committees

14. Of the 71 ECWP projects, 38 experienced a delay of more than three months in implementation. This was partly due to the complex nature of regional projects involving multiple stakeholders. However, it was observed that delays could be reduced by giving greater attention during the project design phase to identifying potential implementation risks and bottlenecks, putting in place adequate mitigation measures and monitoring their compliance during implementation. To systematically address this issue, in late 2016, the ASU introduced measures and tools to strengthen project planning strategies and risk management to minimise implementation delays in the future. These include: (i) revised project templates that have improved elements on design, scheduling, monitoring and risk management; (ii) an integrated M&E database providing and tracking detailed project information, from which lessons are drawn, in a timely manner, for better project monitoring by all parties going forward; and (iii) further enhanced communication by the ASU with project implementing parties on various aspects of project implementation and progress.

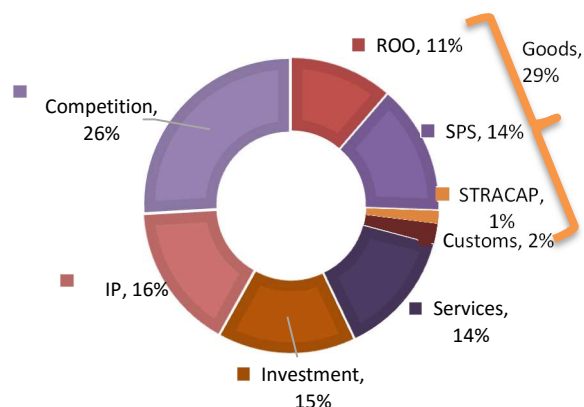
15. Of the 71 projects, 45 were proposed by AMS and ASEAN Secretariat focal divisions. Of these, only five projects were initiated by Cambodia, Lao PDR or Myanmar: two projects from Cambodia, one from Lao PDR and two from Myanmar (see Figure 4.2).

16. As of 31 July 2017,<sup>22</sup> the total amount of contributions received since 2010 to support the AECSP was AUD 25.5 million. Of this amount, AUD 22.8 million was contributed by the Australian Government and AUD 2.7 million by the New Zealand Government. AUD 21.1 million had been disbursed to support the eligible activities of the approved work programs of the ECWP and ASU. Of this amount, eight-two per cent was disbursed to the ECWP and 18 per cent to the ASU (see Figure 4.3). Budget allocation as of 31 July 2017 by ECWP component is shown in Figure 4.4.

**Figure 4.3 – AECSP disbursement (as at 31 July 2017)**

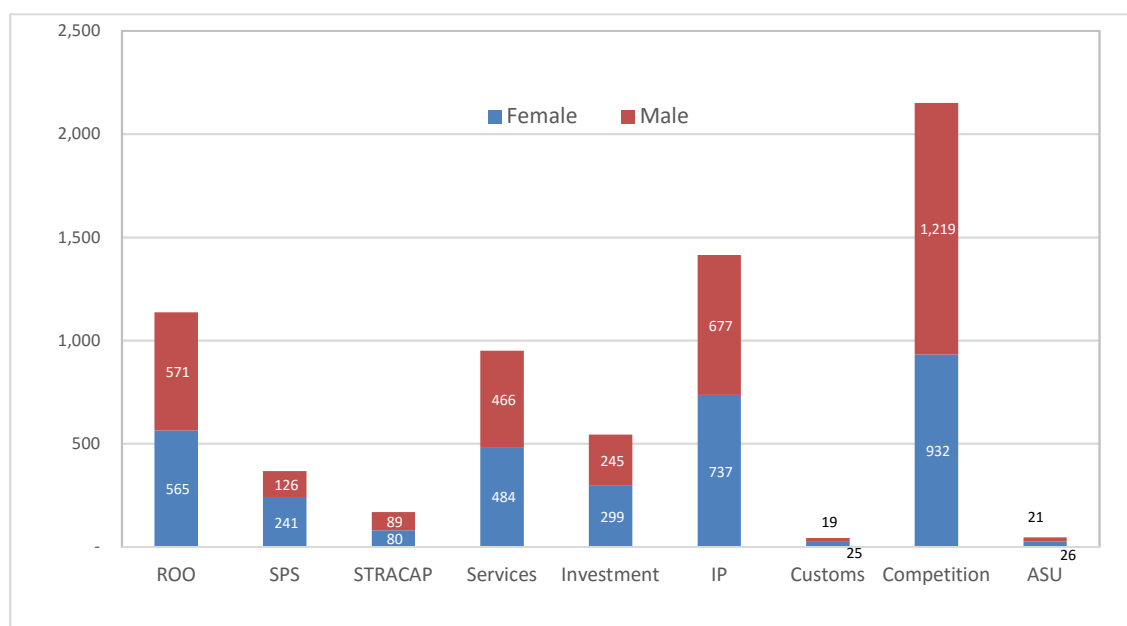


**Figure 4.4 – Budget allocation by ECWP component (as at 31 July 2017)**



17. By July 2017, over 6,800 individuals had benefited from AECSP capacity development and policy dialogue activities. The majority of these participants were from ASEAN government agencies and concentrated in the competition, intellectual property, ROO and services components. Of the total participants, 49.7 percent (3,389 people) were women, reflecting overall gender equality in participation (see Figure 4.5). The ASU has intensified efforts to further address gender equity across AECSP. The revised AECSP templates provide more detailed guidance to parties on how to incorporate gender into the design and implementation of activities. In 2016, the ASU also incorporated gender analysis in its case study mission and evaluation activities. A supplemental note to the 2011 AECSP Project Management Guide provides parties with more detailed guidance and tools on gender analysis and mainstreaming.

**Figure 4.5 – Gender breakdown of people reached by AECSP activities (2010-July 2017)**



<sup>22</sup> Figures include final expenditure as of 31 December 2016 and interim for the first two quarters of 2017.

## Key achievements

18. At the 21<sup>st</sup> AEM-CER Consultation in August 2016, Ministers noted that economic cooperation under the AECSP was an important element in operationalising and implementing AANZFTA. The Program had contributed meaningfully to ASEAN's goal of regional economic integration as set out in its AEC Blueprint 2025. Since 2010, this cooperation has produced tangible outcomes in the areas of trade in goods, services, investment, intellectual property and competition policy (see Box 4.1).

### Box 4.1 – Snapshot of key AECSP achievements

The AECSP has achieved substantial results across its various components. Key results include:<sup>23</sup>

- **Rules of Origin and Other Tariff Commitments:** The AECSP is supporting the transposition of AANZFTA product specific rules (PSRs) and tariff reduction schedules from Harmonized System (HS) 2012 to HS 2017 and has trained more than 800 officials and frontline actors in rules of origin and trade analysis. It also supported policy dialogues among relevant agencies on streamlining of certificate of origin issuance processes, which facilitated the formulation and implementation of the First Protocol to Amend the AANZFTA Agreement.
- **Sanitary and Phytosanitary:** The AECSP has increased AMS' technical and regulatory capacity to support the implementation of SPS measures. This has contributed to facilitating trade in agricultural products within ASEAN and more broadly. Under the ASEAN Regional Diagnostic Network project, the AECSP has been supporting the development of ASEAN regional lists of major plant pests, a diagnostic protocol for a major corn disease and the adoption of new diagnostic technologies in Thailand and Lao PDR. The project has improved regional efforts in pest control and enabled market access within and outside the region for agricultural products from Cambodia and Lao PDR. Under the SPS Regulatory Cooperation in Dairy project, the AECSP supported the development of plans to implement international standards in ensuring ASEAN's supply of safe and good quality milk for processing.
- **Services:** The ASEAN Qualifications Reference Framework (AQRF), with the support of the AECSP, was developed and endorsed by the ASEAN Economic, Education, and Labour Ministers between 2014 and 2015, providing a regional institutional foundation to facilitate the development, implementation, refinement and referencing of the National Qualification Frameworks to the AQRF. Referencing national qualifications frameworks to the AQRF is a critical step for regional integration, improving the standard of education and encouraging greater student and labour mobility. Under the project "Capacity Building on Statistics of International Trade in Services", the AECSP supported Cambodia, Lao PDR and Myanmar in the development of sound statistical methodologies and capacity in collection and compilation of services data through pilot country surveys.
- **Investment:** The AECSP supported six comprehensive Investment Policy Reviews (conducted by the OECD for Cambodia, Lao PDR, Malaysia, Myanmar, the Philippines and Viet Nam) which recommended investment reforms that have since been pursued in a number of countries. These include: reducing domestic restrictions on foreign investment and eliminating minimum capital requirements for investors in some sectors under the new draft Investment Law in Lao PDR; and Investment Law enactment, promulgation of Investment Rules and issuance of notifications to facilitate the implementation of the law in Myanmar.
- **Intellectual Property:** The AECSP worked with Cambodia, Lao PDR and Brunei Darussalam to enable them to successfully accede to the Madrid Protocol during 2015-2016. Phase 2 of this project supported Cambodia, Indonesia, Malaysia and Viet Nam in enhancing their respective trademark services, while also providing assistance to ensure effective pre- and post-accession implementation. Under the Regional Patent Examination Training (RPET) program, the AECSP supported in-depth training for intellectual property officers from Indonesia, Malaysia, the Philippines, Thailand and Viet

<sup>23</sup> See the 'AECSP At A Glance 2010-2017' available at [aanzfta.asean.org/wp-content/uploads/2016/05/AECSP\\_at\\_a\\_glance\\_2017.pdf](http://aanzfta.asean.org/wp-content/uploads/2016/05/AECSP_at_a_glance_2017.pdf).

Nam in patent examinations based on Patent Cooperation Treaty standards, promoting legal certainty and business confidence.

- **Competition:** Through CLIP, the AECSP worked with Lao PDR, Myanmar, the Philippines and Brunei Darussalam to successfully enact national competition laws and commence preparations for the enforcement of these laws. CLIP continues to help Cambodia to draft its competition law and is currently providing support to draft an Explanatory Note to facilitate its endorsement. Enacting and implementing national competition laws is a priority for ASEAN under the AEC Blueprint 2025. CLIP has also trained around 1,000 officials from national competition agencies in competition policy and law enforcement. The AECSP, through the seven annual ASEAN Competition Conferences, provided an effective forum for policy dialogues and knowledge exchange for more than 1,300 participants, mostly from ASEAN national competition agencies and the private sector.

19. Parties, working with the ASU, seek to ensure outcomes will be sustained beyond the life of AECSP projects by strengthening the links between AECSP interventions and the priorities/work plans of respective AANZFTA and ASEAN sectoral bodies. Various project reports and ASU stakeholder interviews in 2016 indicate that beneficiaries of projects are sustaining and passing on the knowledge and skills gained from AECSP training. Examples include: the roll-out of ROO train-the-trainer modules; in-house training for patent examiners in the Philippines; and the Thai Department of Agriculture using the knowledge obtained under the ASEAN Regional Diagnostic Network project to conduct local seminars on biological control for over 1,000 Thai farmers.
20. Since the Program's inception, there have been improvements to communications and outreach to stakeholders including Ministers, businesses and the broader public. In particular, in 2016-17, the ASU enhanced the website to promote AANZFTA further to the business community. This included improving tools such as the Tariff Finder, Product Specific Rules Finder and step-by-step instructions for business' application of preferential tariffs as well as publishing key documents translated into ASEAN languages, such as the Guide for ASEAN Businesses.

### Overall assessment of AECSP against its strategic objectives

21. The following briefly assesses the AECSP against its four strategic objectives:

- *Operationalization of the AANZFTA:* Implementation of the AECSP has led to stronger government-to-government linkages between the Parties across the various ECWP components and with the ASEAN Secretariat through institutional cooperation under AECSP activities, assisting the operationalisation of AANZFTA.
- *Built-in Agenda:* The 2015 FJC Assessment of the AECSP highlighted the program's key role in driving the AANZFTA agenda but also noted that the benefits from AECSP interventions have not been fully realised because of delays in progressing the built-in agenda.
- *Economic Integration among Parties:*<sup>24</sup> The 2015 FJC Assessment noted that the AECSP has supported ASEAN priorities in building an AEC as well as national reforms of AMS to enable them to respond to AEC commitments. AECSP projects contribute to building institutional and technical capacity in ASEAN, which can enable AMS to better engage in emerging regional architecture. The Program has also made a contribution to ASEAN's objective to narrow the development gap between the ASEAN 6 and newer AMS (Cambodia, Lao PDR, Myanmar, and Viet Nam).
- *Business Utilisation of AANZFTA:* While government agencies and officials have been the direct beneficiaries of ECWP projects to date, many AECSP activities are expected over time to contribute to increased business utilisation of AANZFTA. Examples include increased business confidence in patent applications as a result of better patent examinations by IP Offices; improved regional efficiency in trade-mark registration for

<sup>24</sup> See Chapter 2 'AANZFTA's Impact – Regional Economic Integration' for more details.

businesses arising from Madrid Protocol accessions; more transparency due to timely transposition of traded goods from HS 2012 to HS 2017; and fairer business competition due to policy development, competition law enforcement and stakeholder outreach under CLIP.





## Chapter 5: AANZFTA's Institutional Arrangements

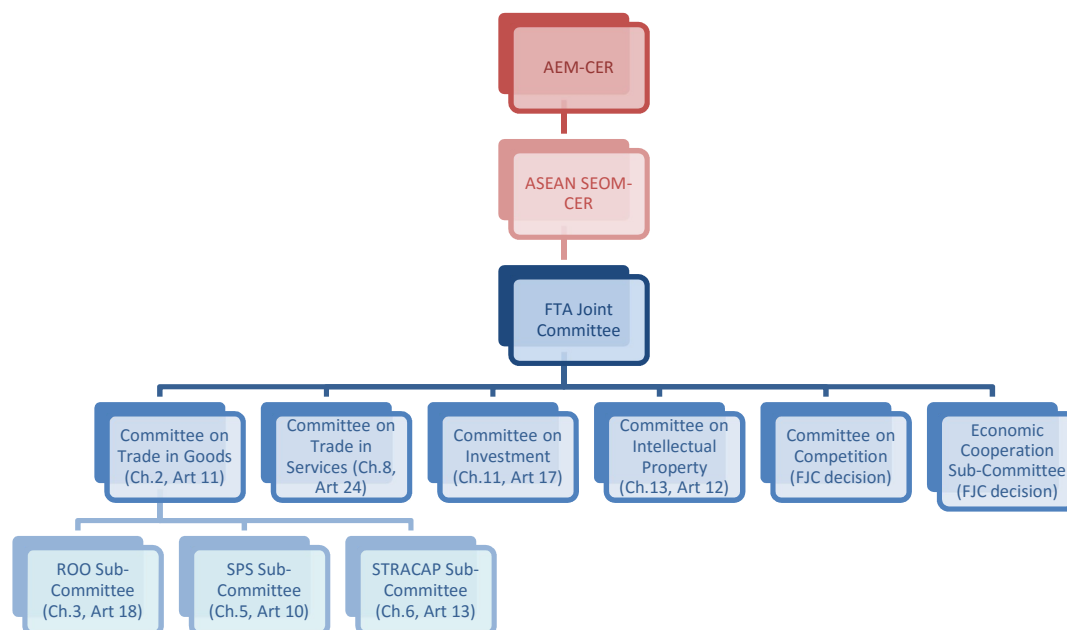
### Introduction

1. An FTA's institutional arrangements are critically important for the implementation of any agreement. Through their regular meetings and detailed work programs, the committees and sub-committees that comprise AANZFTA's institutional structure are responsible for implementing the Agreement.
2. This chapter presents the background to AANZFTA's institutional structure and how it operates in practice. This chapter also provides a brief assessment of the performance of AANZFTA's institutional arrangements in implementing the Agreement.

### Background

3. AANZFTA Chapter 16 establishes the institutional structures to support the implementation of the Agreement. The primary element of the institutional structure is the FTA Joint Committee (FJC) which was established in accordance with Article 1 of Chapter 16. Under Article 1, the FJC reports regularly to the consultations of the ASEAN Economic Ministers, the Trade Minister of Australia and the Trade Minister of New Zealand (known collectively as AEM-CER) through the meetings of their Senior Economic Officials (known collectively as ASEAN SEOM-CER).
4. A number of subsidiary bodies to the FJC were established under AANZFTA. Article 1(3) of Chapter 16 also provides for the FJC to establish additional subsidiary bodies (including ad-hoc bodies) and assign them with tasks on specific matters, or delegate its responsibilities to any subsidiary body. The FJC established an Ad-Hoc Economic Cooperation Budget Sub-Committee in 2010, subsequently renamed in 2015 as the Economic Cooperation Sub-Committee with a broader mandate, and a Committee on Competition in 2013 (see paragraph 13 below). The institutional structure under AANZFTA is set out in Figure 5.1.



**Figure 5.1 – Institutional structure under AANZFTA and associated structures**

5. Under Article 1 of Chapter 16, the FJC has a number of specific functions:
  - a) *review the implementation and operation of this Agreement;*
  - b) *consider and recommend to the Parties any amendments to this Agreement;*
  - c) *supervise and co-ordinate the work of subsidiary bodies established pursuant to this Agreement;*
  - d) *adopt, where appropriate, decisions and recommendations of subsidiary bodies established pursuant to this Agreement;*
  - e) *consider any other matter that may affect the operation of this Agreement or that is entrusted to the FTA Joint Committee by the Parties; and*
  - f) *carry out any other functions as the Parties may agree.*
6. The FJC operates in accordance with its rules and procedures, established pursuant to Article 1(4) of Chapter 16, and adopted at its first meeting on 25-26 May 2010. Paragraph 24 of the Rules and Procedures also provides that the Rules and Procedures should be reviewed during the General Review of AANZFTA.

### **Role of the ASEAN Secretariat and the AANZFTA Support Unit**

7. Significant support for the FJC's work program is provided by the ASEAN Secretariat (in particular the ASU with regard to the Economic Cooperation Work Program). The various divisions in the ASEAN Economic Community Department in the Secretariat have responsibility for supporting AANZFTA's committees and sub-committees (see Table 5.1).
8. The ASEAN Secretariat provides administrative support for the various committees and sub-committees. This includes managing the distribution of agendas and documents for meetings, providing secretariat services during meetings, and drafting the summary of discussion documents.
9. The ASU, situated within the ASEAN Secretariat's External Economic Relations Division, is funded through Australia and New Zealand's contributions to the AECSP. As noted in Chapter 4, the role of the ASU is to support implementation of the AECSP, to manage the utilisation of contributions from the Parties, and to monitor and evaluate the AECSP. The ASU also provides extensive support to the committees and sub-committees in their implementation of ECWP projects.



**Table 5.1 – ASEAN Secretariat support for AANZFTA structures**

AANZFTA structure	ASEAN Secretariat
FTA Joint Committee (FJC)	External Economic Relations Division (EERD)
Committee on Trade in Goods (CTG)	
Sub-Committee on Rules of Origin (SC-ROO)	
Sub-Committee on Sanitary and Phytosanitary Measures (SC-SPS)	Food, Agriculture & Forestry Division
Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures (SC-STRACAP)	Standards & Conformance Division
Committee on Trade in Services (CTS)	Services & Investment Division
Committee on Investment (COI)	
Committee on Intellectual Property Committee (IPC)	Competition, Consumer Protection & IPR Division
Committee on Competition (CC)	
Economic Cooperation Sub-Committee (EC-SC)	AANZFTA Support Unit, EERD

### Performance of institutional structures in implementing AANZFTA

10. The performance of AANZFTA's institutional structures over the period since entry into force has been mixed.
11. With the exception of 2010 (when the FJC met twice), the FJC has met annually with the hosting of meetings rotating between ASEAN, Australia and New Zealand. The inaugural meeting was hosted by the Philippines in May 2010 and the FJC has met a total of nine times between 2010 and 2017. Meetings have been held in Australia (2010, 2013, 2016), Brunei (2012), Indonesia (2015), New Zealand (2011, 2014, 2017) and the Philippines (2010). The FJC typically meets for a week in May or June in advance of an ASEAN SEOM-CER meeting in July and the AEM-CER Consultations in August/September.
12. The FJC and its subsidiary bodies have all adopted clear terms of reference. The subsidiary bodies have met with varying levels of frequency. The practice under AANZFTA has evolved whereby a number of subsidiary bodies regularly meet alongside the annual FJC meeting. This typically includes the Committee on Trade in Goods, the Committee on Trade in Services, the Committee on Investment and the Economic Cooperation Sub-Committee.

**Table 5.2 – Frequency of meetings under AANZFTA's institutional structure**

AANZFTA structure	First met	No. of meetings
FJC	2010	9
CTG	2010	13
SC-ROO	2010	12
SC-SPS	2011	6
SC-STRACAP	2011	4
CTS	2012	5
COI	2010	9
IPC	2010	9
CC	2013	6
EC-SC	2010	15

13. The FJC has demonstrated that it can be responsive to emerging needs – the institutional structure has continued to evolve since the Agreement entered into force. Among the key developments are:
  - **Economic Cooperation Sub-Committee:** In December 2009, the FJC agreed to establish an Ad-hoc Economic Cooperation Budget Sub-Committee to assist the FJC in considering the annual budget for the AECSP. In July 2015, the FJC approved revised terms of reference to broaden the Sub-Committee's mandate to include advising the FJC and subsidiary bodies on project design, implementation, monitoring, evaluation and strategic direction of the AECSP based on the priorities set out by the FJC.

- **Committee on Competition:** In June 2013, the FJC agreed to establish a new subsidiary body to cover competition. The Committee on Competition was established by the 5<sup>th</sup> FJC Meeting, and endorsed at the 18<sup>th</sup> AEM-CER Consultations on 21 August 2013 in Brunei Darussalam.
  - **FJC Co-Chairs:** While not provided for in either the Agreement or the Rules and Procedures, the practice has evolved whereby the FJC Co-Chairs – the lead representatives of Brunei (on behalf of ASEAN), Australia and New Zealand – meet with the ASEAN Secretariat (including the ASU) intersessionally to coordinate the ongoing work program under AANZFTA (typically this meeting occurs in December). This has further enhanced the AANZFTA Parties' ability to implement the Agreement including timely guidance to the subsidiary bodies and the ASU in advance of the formal meeting of the FJC.
14. While AANZFTA's structure has evolved since entry into force, there is a broader question around whether the overall structure remains fit for purpose both in terms of the Parties' needs as well as the way that trade continues to evolve in the region. Work in some areas may have been hindered by the non-establishment of a specific subsidiary body to drive implementation in areas such as e-commerce or customs procedures. In the case of e-commerce, responsibility for progressing this agenda rests solely with the FJC as no subsidiary body has been assigned this task. Customs procedures are the responsibility of the CTG. However, the CTG has identified the lack of a dedicated sub-committee as a limitation to its ability to implement the customs procedures chapter.
  15. Some committees have met more frequently than others and while frequency is not necessarily the sole indicator of performance or effectiveness, it is concerning that some bodies have not met as frequently in areas where there are issues and agendas to be progressed. There are variations to the practices of the various committees, with most committees meeting alongside the FJC but a number meeting back-to-back with their subject matter ASEAN meetings (e.g. Intellectual Property and Competition). For those committees that do not meet alongside the FJC, it is important to ensure that they are not disconnected from the broader AANZFTA process. (This reasoning has resulted in some Competition Committee meetings being held in conjunction with the FJC.)
  16. The effectiveness of the FJC in driving its work program and monitoring the work of the subsidiary bodies could be improved. The nature of the way that the FJC operates means that its annual meetings are akin to a performance review of its subsidiary bodies whereby subsidiary bodies report to the FJC and feedback and direction is provided by the FJC. Tracking documents related to its work program have included action items lacking precision and time-bound targets. This is likely to have been a contributing factor as to why parts of the work program (including the built-in agenda) have not progressed in a timely fashion. Given the lack of ongoing reporting by subsidiary bodies to the FJC during the year, the FJC is not in a position to actively monitor and provide guidance to its subsidiary bodies outside its annual meetings.
  17. In considering the future of AANZFTA's institutional structure and working methods, ASEAN's internal meetings and institutional capacity is a consideration. Outside of AANZFTA, ASEAN has a heavy internal meeting workload; it will be useful to examine working methods and whether efficiencies between AANZFTA and ASEAN institutional arrangements are possible. How to ensure coherence between the FJC and its subsidiary bodies (including between the CTG and its various sub-committees) should be a further consideration.



## Chapter 6: FJC Assessment

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1. In accordance with the terms of reference, the FJC has assessed the implementation of the Agreement for the period under review (2010-17).
2. In assessing the implementation of the Agreement and the performance of AANZFTA's institutional arrangements, the FJC has reached a number of conclusions which are set out in this chapter. The FJC assessments are informed by its engagements with each of the subsidiary bodies in undertaking the Review, for which the FJC is grateful. These conclusions are made without prejudice to Stage Two of the General Review.

### Built-in agenda

3. Despite the rather extensive institutional structure, there has been mixed progress in implementing the Agreement's built-in agenda. This is not necessarily attributable to the effectiveness of the institutional structure but it is striking that more active committees have tended to make more progress than those that are less active. At the 21<sup>st</sup> AEM-CER Consultations in 2016, Ministers noted that the implementation of the built-in agenda was behind the timeline stipulated in the Agreement and stressed the importance of accelerating the negotiation of the built-in agenda, particularly the review of NTMs, rules of origin, services, and investment. The Ministers requested the FJC and its subsidiary bodies to exert the necessary efforts to progress the required work on the respective areas of negotiations under the built-in agenda.
4. AANZFTA contains mandated reviews on aspects of the Agreement following entry into force (EIF). Progress against these is outlined in Table 6.1.

**Table 6.1 – Progress with AANZFTA's mandated reviews**

Mandated reviews	Progress to date
A report on <b>Non-Tariff Measures (NTMs)</b> in relation to trade in goods to be submitted by the Committee on Trade in Goods to the FTA Joint Committee within two years of EIF	A report on the Review of NTMs with recommendations for actions to improve AANZFTA's processes for addressing NTMs was presented to the 22 <sup>nd</sup> AEM-CER Consultations in September 2017.
The Sub-Committee on Rules of Origin to review the cumulative rules of origin provision, and the application of the chemical reaction rule and other chemical process rules to Chapters 28 to 40 of the HS Code and other Product Specific Rules identified by Parties, between 12 and 18 months from EIF	<p>ASEAN has not reached consensus on including full cumulation in AANZFTA. Nevertheless, the Sub-Committee on ROO has agreed that Australia and New Zealand would develop a pilot project that would be open to interested Parties. This pilot project, if limited to only certain goods and some Parties, would limit the scope and potential success of the exercise. The pilot, if agreed, is expected to take three years, following a six-month training program for officials and the private sector.</p> <p>ASEAN does not have consensus regarding the application of chemical reaction and chemical and plastic industry production process rules. Slippage was in part due to the time spent working on the First Protocol to Amend the AANZFTA Agreement and its implementation.</p>
A new round of <b>Services</b> negotiations to commence within three years of EIF	Effectively paused so as not to prejudice the RCEP negotiations which have been underway since 2013. However, AANZFTA work on technical issues has facilitated engagement in the RCEP negotiations, which is a testament to AANZFTA's role as an incubator of such work.
The Committee on <b>Investment</b> to meet within one year of EIF and oversee discussions on investment market access and application of most-favoured-nation treatment, to be concluded within five years of EIF	

5. The lack of built-in agenda commitments in some areas has not inhibited some committees from developing their own intensive implementation work programs – the Competition Committee is a prime example of what can be achieved by an active committee.

#### *Implementation of ROO requirements and transposition of tariff and product specific rules schedules*

6. Securing effective implementation of AANZFTA's ROO requirements has been challenging – in particular, issues identified by business relating to the Agreement's Certificates of Origin (CoO) requirements. These concerns related to inclusion of the Free on Board (FOB) value on these certificates and problems with the electronically applied signatures and seals. However, AANZFTA Parties demonstrated their responsiveness to business concerns by negotiating the First Protocol to Amend the AANZFTA Agreement which addresses many of these concerns by removing the FOB value in certificates and streamlining the Agreement's administration. The Protocol was signed in Nay Pyi Taw, Myanmar, on 26 August 2014 and has entered into force for all but one Party.
7. ROO implementation is now tracking more smoothly, as evidenced by the number of CoO issued (see Table 6.2). Nevertheless, there are a number of trade facilitation issues which still require attention, such as:
  - customs officials rejecting outright CoO rather than endeavouring to seek verification from the exporting Party;
  - differences in what is a minor error are often at the heart of these rejections;
  - some remote customs posts do not have access to the signatures and seals database, leading to rejections or verification of CoO – this causes undue delay and costs to traders;
  - some Parties have released controlled signatures and seals specimens to private sector contacts, which could increase the risk of fraud; and
  - some customs officials are not fully apprised of the ROO chapter; e.g. not allowing a good to use the Wholly Obtained rule because the PSR for the product is a regional value content origin conferring rule.

**Table 6.2 – Number of AANZFTA CoO Forms issued by Parties during 2012-16**

Party	2012	2013	2014	2015	2016
<b>ASEAN</b>	130,163	149,141	139,422	148,246	161,496
<b>Australia</b>	16,270	19,551	23,731	24,726	34,231
<b>New Zealand</b>	8,885	9,371	10,690	12,255	16,424
<b>Total</b>	<b>155,318</b>	<b>178,063</b>	<b>173,843</b>	<b>185,227</b>	<b>212,151</b>

8. The transposition of AANZFTA tariff schedules following each HS code update has been a prolonged process resulting in unnecessary complexity for businesses and customs officials. AANZFTA Parties have completed the tariff transposition from HS 2007 to HS 2012, except in relation to Indonesia's AANZFTA tariff schedule where two tariff lines are not yet resolved. Myanmar is in the final stages of domestic procedures to issue its legal enactment for HS 2012. Transposition from HS 2012 to HS 2017 is underway with Australia, New Zealand, Indonesia and Thailand all applying HS 2017 at the border. Guidelines for Transposing AANZFTA tariff schedules were adopted by the CTG at the 9th FJC Meeting in June 2017, aimed at streamlining the transposition process and improving transparency.
9. The transposition of AANZFTA's PSR Schedule into an updated HS has been a mixed story. The transposition into HS 2012 was a prolonged process which did not facilitate trade. However, lessons learned from that experience shaped the undertaking of the HS 2017 transposition of the PSR Schedule which has been completed in a more timely manner.

### Regional integration

10. Since AANZFTA entered into force there have been a number of relevant developments at the national, regional and multilateral levels. ASEAN's internal integration efforts have continued, notably with the establishment of the AEC in 2015. ASEAN, Australia and New Zealand have continued to engage in FTA negotiations including collectively in the RCEP negotiations.
11. Economic cooperation has also supported AANZFTA implementation, contributed to ASEAN's national economic reform agendas and addressed regional implementation gaps among AMS. This cooperation assistance has contributed to building broader institutional and technical capacity in ASEAN, including ASEAN engagements in other FTAs and FTA negotiations such as RCEP.
12. In this regard, we observe that AANZFTA in its first phase has been a useful "incubator" for regional cooperation, technical capacity building and policy dialogue and has made a significant contribution to the broader regional economic integration program.

### Alignment between AANZFTA and ASEAN

13. Whereas AANZFTA's structure has remained largely static since entry into force, ASEAN's institutional framework has continued to evolve (such as the ASEAN Taskforce on Trade Facilitation). Given ASEAN's ongoing internal development, there may be benefits in AANZFTA seeking to achieve closer synergies with ASEAN's current institutional arrangements.
14. Given the desire of the Parties for the Agreement to act as a building block for regional economic integration, there is a question around whether there should or could be better alignment and connectivity between AANZFTA and ASEAN's regional economic integration agenda and associated work programs. Alignment of AANZFTA's work program could be done in relation to aspects of ASEAN's regional economic integration agenda such as the AEC Blueprint 2025, and the Vision and Strategic Plan for the ASEAN Cooperation in Food Agriculture and Forestry (2016 – 2025).

### Engagement with business and civil society

15. Implementation under AANZFTA has focused on the government-to-government aspects of the Agreement, rather than engagement with the private sector or non-governmental organisations. This has primarily been through the Agreement's institutional structures whereby the FJC and



its subsidiary bodies typically meet on an annual basis to set and progress a work program to implement AANZFTA (including in relation to its built-in agenda).

16. The private sector is not only a key beneficiary of AANZFTA but also plays an important role in identifying and addressing impediments to regional economic integration. Engagement with business is critical for the work of implementing the Agreement and for AANZFTA Parties to draw on the experience of businesses and investors in order to understand the practicalities of regional trade.
17. While overall feedback from business on AANZFTA's contribution to regional trade has been positive, it is clear that business is seeking closer engagement. Key areas identified by business include addressing NTMs, with suggestions to do more in the area of harmonisation, equivalence and regulatory cooperation; improving trade facilitation including through aligning with the WTO Trade Facilitation Agreement as well as moving towards self-certification; professional services and qualification recognition; and further development of rules in areas where policy frameworks are still developing, for example on e-commerce (see Chapter 3, Box 3.1 'Key issues highlighted by business for future work').
18. There is value in looking at how AANZFTA Parties can improve their collective engagement with business including through the development of a strategy that focuses on four areas: (i) raising business awareness; (ii) business to government dialogue; (iii) engagement in economic cooperation; and (iv) collaboration among businesses.
19. Given the focus on the government-to-government aspects of implementation and ensuring that business can harvest the benefits from the Agreement, it could also be timely to consider appropriate arrangements to engage with civil society. The FJC considers that it would be desirable to consider further what type of engagement with civil society might be undertaken to complement the planned engagement with business.

### **Economic cooperation**

20. An economic cooperation work program supporting implementation of a free trade agreement was a new model for ASEAN, Australia and New Zealand. There are therefore a number of useful lessons to learn from its evolution.

### **ASU**

21. One clear lesson is the benefit of having the ASU embedded in the ASEAN Secretariat to work with Secretariat desk officers and, through them, with AMS and AANZFTA sectoral bodies. This helps ensure the Program is demand-driven and tailored to meet the needs of AANZFTA Parties. Working within ASEAN systems has been a key success factor of the Program. ERIA's 2017 Assessment highlighted the "ASU's critical role in ensuring the effectiveness of the AECSP".
22. With increased interest from the Parties and a growing ECWP portfolio, the current structure of the ASU will need to be reviewed to ensure it has the necessary capability to support the next phase of AANZFTA implementation.

### **Strategic prioritisation of projects**

23. In the early years of the AECSP as the program was gaining momentum, few proposals were presented for approval. As the program has matured and its benefits have become more widely known among the Parties, there has been an increased demand on program funding and more proposals submitted. To this end, it is increasingly important that each subsidiary body takes a strategic approach to project management, rather than responding on an ad-hoc basis to specific requests from individual Parties.
24. The increased demand for funding resulted in the need for the FJC to issue strategic guidance on how projects would be prioritised (see Chapter 4). An analysis of program funding by component (see Chapter 4 Figure 4.4 'Budget allocation by ECWP component') suggests that there could be a strengthened role for the FJC, supported by the EC-SC, in encouraging proposals from committees and sub-committees which have not been utilising the Program as effectively as they might, in line with the FJC's guidance.

*Move to more sustainable, longer term projects*

25. The 2015 FJC Assessment (and ongoing monitoring of the program) recommended that there should be a move away from small, one-off activities such as workshops, to more strategic and sustainable multi-year projects. Strong inter and intra-regional institutional linkages have been developed in some of the multi-year projects such as CLIP and RPET. A further lesson learned has been the need to focus on capacity improvement of institutions, where possible, and within available funding envelopes, rather than capacity development of individuals in one-off workshops.
26. In their engagements with the FJC on this Review, subsidiary bodies identified a number of lessons learned regarding sustainability, including:
  - the importance of a central point of contact in recipient countries that can ensure ownership and ongoing coordination of follow-up work from projects;
  - the need for consultation with recipient governments at an early stage to establish that the intended project is meeting a priority need;
  - improving sustainability through the development of online tools and teaching materials;
  - where capacity building is in areas with a heavy legislative component (e.g. competition), improvements to legislative regimes could be supported through regular self-assessments and peer review processes; and
  - for some AANZFTA Parties, the need to prioritise in-country, targeted capacity-building activities across several agencies to support effective AANZFTA implementation.

*Quality of project design, monitoring and evaluation*

27. As the Program developed and results began emerging, so too did the need for project proponents to improve the quality of designs, including clearly setting out project goals and objectives and the way in which proposed activities would meet these objectives.
28. Related to this lesson on the value of good project design is the importance of sound monitoring and evaluation to ensure projects are meeting their objectives and contributing to AANZFTA implementation in an effective and efficient manner (including ensuring projects target individuals who can maximise the benefit of the project). Identifying the contribution of capacity building activities to AANZFTA implementation remains challenging and requires better baseline data at project commencement. Good monitoring and evaluation also enables AECSP achievements to be presented to Ministers and other stakeholders.
29. The quality of proposals approved has improved since 2015, when the EC-SC's mandate was expanded beyond a budget focus to include consideration of design issues. Added to this, the ASU's resources were also broadened to provide M&E expertise to proponents designing large projects. These changes have been beneficial, and consideration could be given to expanding the ASU's role further to offer design, implementation and M&E support to all committees and sub-committees.
30. Designs of projects being implemented jointly with ASEAN's other Dialogue Partners should clearly specify responsibilities and anticipated outcomes for each Partner. This should also be set out in the funding arrangement. Project proposals for new phases of activities, or related activities, need to identify previous relevant AECSP activities. A clear explanation of the link between activities, and how a new proposal will build on earlier projects, is important.
31. Designs also need to consider the most effective approach to achieving desired outcomes. This may include workshops, technical assistance, capacity building, reviews or analysis, or a strategic combination of these. For example, to complement regional workshops, in-country training may be included to enable better targeted capacity building and allow participation from line agencies and sub-national governments.

*Use of consultancies*

32. A number of lessons have been learnt on the use of consultancies, including roles and responsibilities of the subsidiary bodies seeking consultancy services, and the ASU. Subsidiary bodies need to be clear at the outset on the expectations of a consultancy so that terms of reference clearly specify requirements, objectives, timelines and reporting, and the skills and experience required of the consultant(s). Ongoing management of the consultancy by the relevant subsidiary bodies, ASEAN Secretariat desk officers and the ASU is important to ensure outputs, including reports, are delivered as outlined in the terms of reference.
33. To ensure projects are tailored to the needs of the region, experts engaged to deliver activities should be drawn from AANZFTA Parties where possible, unless certain skill areas require outside expertise. This would also encourage institutions and experts in the region to focus their research and analytical efforts on AANZFTA and regional integration activities.

*Private sector*

34. The private sector has benefited indirectly from the AECSP, through Program outputs such as the Guide for ASEAN Businesses (2009) and Primer on Rules of Origin (2009). The current AECSP Project Management Guide specifies that funding under the AECSP can only be provided to government officials. Given increased business utilisation of AANZFTA is one of the Agreement's key objectives, there is scope to provide for greater engagement with the business community during the design and implementation of future projects. Consideration should be given to whether the Project Management Guide should be revised to provide greater flexibility to respond to potential synergies from working with business.

*Governance*

35. Managing the ECWP has become a major focus for the FJC and its subsidiary bodies. The current AANZFTA structure and AECSP governance mechanism comprise the FJC and its subsidiary bodies, supported by relevant ASEAN Secretariat focal divisions and the ASU.
36. There is a link between the effectiveness of ECWP projects and AANZFTA's institutional structure. Where there has been active committee or sub-committee involvement, this has often translated into significant progress in ECWP implementation. The Competition Committee is one of the best examples of what can be achieved through an active committee supported through active leveraging of the ECWP. The lack of such institutional attention in other specific areas has in a number of cases resulted in disappointing progress or outcomes of some ECWP projects.
37. Project approval processes have been cumbersome and in some cases delayed. This is in part inevitable due to the number of Parties involved, and the fact that committees and sub-committees do not meet frequently to discuss or approve proposals. The process could be improved by enforcing the EC-SC decision in 2016 regarding the need for proponents seeking approval for projects over AUD 500,000 to first submit a concept note to the EC-SC for guidance prior to submitting a final proposal.
38. Committees need to enhance their involvement with ECWP projects to be able to exercise their governance and management responsibilities. Likewise, those responsible for implementing projects need to update their committees to enable them to engage in frank assessments of projects, and to make improvements based on feedback.
39. The mechanism for proposing and approving projects through the AANZFTA committee structure will need to be considered for the successor program to ensure these processes are efficient and accountable.

*Reporting requirements*

40. Current reporting requirements set out in the AECSP Project Management Guide include a brief summary report for every major regional and in-country activity, a progress report every six months and a completion report, all using AECSP templates. All AECSP reports are required to be outcome-focused. These requirements are mandatory for all projects regardless of the value of the projects. Some AANZFTA committees and sub-committees require additional reports for projects under their purview.



41. In future, a standard approach to reporting could be adopted through coordination with project proponents/implementing parties; ASEAN Secretariat focal divisions; the ASU; AANZFTA committees and sub-committees; and the FJC. In addition, one option could be to require AANZFTA committees and sub-committees to include a standard agenda item in their meetings to note Project Completion Reports finalised since their last meeting (and discuss lessons learnt and follow-up action).

#### *Streamlining of components*

42. The design of the successor program will need to reflect priorities identified in the AANZFTA General Review. The design could consider consolidation of the program into fewer, larger components and longer-term projects focused on sustainability of outcomes. The design could consider discouraging less effective and smaller ad-hoc projects such as one-off workshops, unless they clearly address a specific need. It should also consider why there has been less activity under some of the AECSP components to date, and whether these components should be included in future. The Sectoral Integration component has been inactive since establishment and consideration could be given to whether this component is pursued in the successor program to the AECSP.
43. Given the role NTMs play in constraining economic integration, the new design could consider a larger focus on NTM issues under Trade in Goods.
44. Consideration could also be given to AANZFTA commitments that have not been directly supported by specific institutional arrangements, such as financial services and e-commerce, and whether these components would be suitable for inclusion in the successor program to the AECSP. This decision should be informed by developments in regional trade and FTA architecture.

#### **Institutional arrangements**

45. Overall, AANZFTA's institutional structure has been effective in driving forward most parts of AANZFTA's implementation agenda. However, the performance of the institutional structure has not been fully effective, both in terms of its responsiveness and its effectiveness in pushing forward the implementation of AANZFTA, particularly with regard to the built-in agenda.

#### *Engagement between FJC and subsidiary bodies*

46. The practice of most subsidiary bodies meeting alongside the FJC has allowed the FJC to effectively exercise its oversight and governance of these bodies while also providing for interaction between FJC Leads and subsidiary body officials. For those subsidiary bodies that do not regularly meet alongside the FJC, further consideration could be given to ways to strengthen the engagement between the FJC and these bodies (such as the Intellectual Property and Competition Committees) to ensure that they do not become disconnected from the broader FTA structure.

#### *Link between the effectiveness of implementation and subsidiary bodies*

47. The existing FTA structure has highlighted that the effectiveness of implementation is directly related to the activity and effectiveness of the relevant institutional bodies. This has been reflected in a lack of ownership in driving forward an implementation agenda in areas such as customs procedures and e-commerce.
48. Competition has been the key area where the FJC responded to a situation where an institutional mechanism was needed to drive implementation of an extensive cooperation agenda. It is also a clear demonstration of what is possible under an active expert committee once one has been established.

#### *Relationship between CTG and its subsidiary bodies*

49. The CTG works with its three subsidiary sub-committees on the trade in goods agenda. There has been good engagement with SC-ROO over transposition issues, while interaction has been more limited with SC-STRACAP, which has only met at the same time as the CTG on two occasions. Greater collaboration between these sub-committees and the CTG will be important for addressing cross-cutting issues, including those in relation to the built-in agenda.

50. The existing structure provides the CTG with a consolidated overview of the work being progressed in its sub-committees while also allowing the sub-committees to focus on their own agenda and feed into other cross-cutting activities when necessary.

### **Overall assessment**

51. The FJC's overall assessment, in light of its engagement with and inputs received from the subsidiary bodies, is that we are satisfied with the implementation of the AANZFTA Agreement in the period under review (2010-17).
52. Implementation during the review period has largely focused on the government-to-government aspects of implementation and overall this has largely been positive. The institutional structure is now actively driving forward the work program in most areas with an intensive committee structure under the Agreement. Less positive has been the slow progress in a number of areas of the Agreement's built-in agenda.
53. The AECSP has been a highlight of implementation and engagement at the government-to-government level. The Parties continue to value the AECSP and the role it plays in taking forward the Agreement's implementation agenda.
54. There has been less government-to-business engagement at the AANZFTA level (as distinct from what individual Parties are doing); however, the FJC is beginning to have more regular opportunities to engage with business as part of its annual meetings.

## Chapter 7: Next Steps

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1. In accordance with the terms of reference (see Annex A), Stage Two will focus on the third objective for the General Review:

*[to] make recommendations to update, improve, upgrade and unlock the potential of AANZFTA taking into account the AEC Blueprint 2025 and other relevant developments*

2. This Report was welcomed by AEM-CER Ministers at their 22<sup>nd</sup> meeting in September 2017. Stage Two of the General Review will be initiated in December 2017. Stage Two will build on, and take into account, the findings from this Stage One Report. It will be completed in accordance with the indicative timeline set out in Annex 3 of the terms of reference, namely conducted through the first half of 2018 with a view to consideration and endorsement at the 23<sup>rd</sup> AEM-CER Consultations in 2018.
3. Alongside the initiation of Stage Two of the General Review, AANZFTA Parties will also commence work on the design for a successor program to the AECSP. This design work will be undertaken in 2018-19 with a view to the new program being considered and endorsed at the 24<sup>th</sup> AEM-CER Consultations in 2019.



## **Annex A: Terms of Reference**

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## **Terms of Reference for Conducting General Review of AANZFTA**

**27 July 2016 (endorsed at the 21<sup>st</sup> AEM-CER Consultations on 4 August 2016)**

*The Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) has now been in force for the majority of Parties for over six years. When AANZFTA entered into force it was a significant step forward – comprehensive, and ASEAN's most ambitious and highest quality FTA. Since 2010, the level of trade between the 12 Parties has grown rapidly, and investment has also increased. ASEAN's total merchandise trade with Australia and New Zealand was worth USD 81.1 billion in 2014, compared to USD 62.7 billion in 2010. Furthermore, the regional architecture of which AANZFTA forms part has evolved significantly since the Agreement entered into force. Many of AANZFTA's Parties have concluded further FTAs with third countries and all are involved in the Regional Comprehensive Economic Partnership (RCEP) negotiations. The ASEAN Economic Community (AEC) was established in late 2015, and the AEC Blueprint 2025, which sets out a new set of economic goals for ASEAN, has been launched.*

*AANZFTA Parties envisaged that the Agreement would be a 'living' document and need periodic review and updating to ensure it remained the high quality and ambitious Agreement it was when it entered into force, as well as remaining modern and relevant to changing business and trade practices and the evolving regional architecture, including establishment of the AEC in 2015.*

### **I. Objectives**

Chapter 18, Article 9 of AANZFTA requires Parties to:

*undertake a general review of this Agreement with a view to furthering its objectives in 2016, and every five years thereafter, unless otherwise agreed by the Parties.*

The Parties to AANZFTA have agreed the objectives of the General Review will be to:

- assess the benefits AANZFTA brings to the Parties, having regard to the objectives of the Agreement as set out in the chapters, associated annexes and documents;
- consider the implementation, operation and impact of the Agreement since its entry into force in 2010; and
- make recommendations to update, improve, upgrade and unlock the potential of AANZFTA taking into account the AEC Blueprint 2025 and other relevant developments;

so as to further remove impediments in order to increase trade and investment, contribute to deepening and broadening the trade and economic relationship between the Parties, respond to the evolving regional and global economic architecture and ensure AANZFTA retains its relevance and 'value add' to current trade, investment and business linkages between the Parties.

### **II. Scope**

The General Review will consider:

- each chapter, annex and appendix of AANZFTA;
- any elements of the built-in agenda that have not been completed;



- the role of economic cooperation in the ongoing implementation of the Agreement and negotiation of the built-in agenda, as well as advancing economic integration among the Parties (**Annex 1: Economic Cooperation**);
- supporting the ASEAN objectives of narrowing development gap, including facilitating the more effective economic integration of least developed ASEAN Member States;
- the outcomes from any reviews of other FTAs that ASEAN, Australia or New Zealand is a member of, and any RCEP outcomes, in assessing any implications for AANZFTA.
- improvements that could be made to areas of commitments already included in AANZFTA;
- options to enhance AANZFTA's role in promoting closer economic integration among the Parties (e.g. regulatory cooperation); and
- the inclusion of any other issues that would ensure AANZFTA remains a high quality and ambitious agreement.

AANZFTA Parties have agreed the General Review will be conducted in accordance with the process set out in **Annex 2: Methodology for the General Review of AANZFTA**.

### **III. Timing of the General Review**

In view of the current negotiation of RCEP, which provides a further opportunity to deepen and broaden the trade and economic relationship, the AANZFTA Parties have agreed to proceed with the commencement of the Chapter 18, Article 9 General Review of AANZFTA in 2017, as set out in **Annex 3: Indicative timeline for the General Review of AANZFTA**. This timeline provides appropriate flexibility for the AANZFTA Review to be undertaken so as to not divert from RCEP negotiations.

Regardless of developments in the RCEP negotiations, the FJC recommends that the AANZFTA General Review should commence in early 2017 and be completed by end of 2017.

## **Annex 1: AANZFTA - ECONOMIC COOPERATION**

The future of economic cooperation under AANZFTA will be considered by AANZFTA's General Review. The General Review will make recommendations on the scope and focus of economic cooperation and determine the components of the Agreement under which economic cooperation can effectively support the implementation of AANZFTA and deepen regional economic integration. AANZFTA Parties, through AANZFTA's institutional arrangements, will continue to direct the implementation of economic cooperation under AANZFTA.

Support to economic cooperation under AANZFTA will be delivered through a successor program to the AANZFTA Economic Cooperation Support Program (AECSP). The design of a new economic cooperation support program will be undertaken by the Parties to operationalize the approach to economic cooperation as established by the General Review. The design process will explore the possible structure and governance arrangements for a new program and determine the appropriate mechanism to deliver economic cooperation activities under AANZFTA. The design may consider the developments in RCEP negotiations involving the 12 AANZFTA Parties. The successor economic cooperation program will, as appropriate, build upon existing economic cooperation under AANZFTA to contribute to achieving institutional and sustainable capacity building outcomes.

## **Annex 2: Methodology for the General Review of AANZFTA**

### *Consultation*

After the General Review is launched, AANZFTA Parties will be given sufficient time to consult internally with government agencies, business and other groups as necessary.

### *Analysis*

The Parties will collectively undertake analysis addressing the objectives and scope set out in parts I and II of TOR for Conducting General Review of AANZFTA, taking into consideration the research and analysis that has already been undertaken as part of the FTA Joint Committee's Assessment of the AANZFTA Economic Cooperation Support Programme (AECSP) in 2015, other analysis and reporting prepared through ongoing AANZFTA implementation activities (for example the Case Studies on the benefits of services liberalisation undertaken by the Committee on Trade in Services) and other research and analysis supported by the AECSP. In support of this work, Parties should endeavour to share trade data and other analysis, including tariff preference utilisation to the extent that such information is available.

The findings of consultation and analysis undertaken individually by the Parties will be shared with the other Parties.

### *Joint Report*

Findings from collective and individual consultation and analysis will be consolidated by the FJC into a single draft General Review Joint Report, including recommendations for improving and upgrading the AANZFTA, to be referred to AEM-CER for consideration.

The FTA Joint Committee will produce, by consensus, a Joint Report as the outcome of the General Review. A summary form of the General Review Joint Report will be released to the public.

### *General Review Work Programme*

The General Review Joint Report's recommendations will be used to formulate a Work Programme, including areas where AANZFTA is to be improved and upgraded, which will be the major outcome of the General Review. In addition, the review's findings and recommendations will be an integral part of the design of a new economic cooperation programme.

**Annex 3: Indicative timeline for the General Review of AANZFTA**


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Before 23 June 2016	FJC discusses draft Terms of Reference, intersessionally
July 2016	SEOM-CER approves draft Terms of Reference, intersessionally
August 2016	AEM-CER endorses Terms of Reference
	Individual Parties carry out domestic consultation
February 2017	FJC Leads meet to determine the consultation, research and analysis required for the General Review
May 2017	Submissions by ASEAN, Australia and New Zealand and any collective analysis and research shared between Parties
January-June 2017	AANZFTA FJC and committees and subcommittees meet as convenient (e.g. in margins of other meetings) to discuss review elements for individual chapters
June 2017	FTA Joint Committee meets: <ul style="list-style-type: none"> <li>• ASEAN, Australia and New Zealand inputs discussed;</li> <li>• FJC and committees and subcommittees present their reports on review elements for individual chapters;</li> <li>• Outline of General Review Joint Report agreed.</li> </ul>
July-August 2017	FJC develops first draft of General Review Joint Report Individual Parties verify the draft Joint Report  FJC meets inter-sessionally to consider draft General Review Joint Report and approve Terms of Reference for design of new economic cooperation programme
Second quarter 2018	FJC meets to approve final draft of General Review Joint Report
Second quarter / July 2018	FJC seeks SEOM-CER endorsement of FJC's recommendations arising from the General Review, to be submitted to AEM-CER
August 2018	AEM-CER considers with a view to endorsing FJC's recommendations arising from the General Review

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## **List of Abbreviations and Acronyms**

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AANZFTA	Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area
AEC	ASEAN Economic Community
AECSP	AANZFTA Economic Cooperation Support Program. Consists of two pillars – the ECWP and the ASU.
AEM-CER	Consultations of the ASEAN Economic Ministers, the Trade Minister of Australia and the Trade Minister of New Zealand
AMS	ASEAN Member States
AQRF	ASEAN Qualifications Reference Framework
ARDN	ASEAN Regional Diagnostic Network
ASEAN	Association of Southeast Asian Nations
ASEAN-BAC	ASEAN Business Advisory Council
ASU	AANZFTA Support Unit. Embedded in the ASEAN Secretariat and funded as one of the two pillars of the AECSP.
AUD	Australian dollar
CC	Committee on Competition. A subsidiary body of the FJC.
CER	Closer Economic Relations. Short for the Closer Economic Relations Trade Agreement between Australia and New Zealand.
CLIP	Competition Law Implementation Program
COI	Committee on Investment. A subsidiary body of the FJC.
CoO	Certificate of Origin
CTG	Committee on Trade in Goods (Goods Committee). A subsidiary body of the FJC.
CTS	Committee on Trade in Services (Services Committee). A subsidiary body of the FJC.
EC-SC	Economic Cooperation Sub-Committee. A subsidiary body of the FJC.
ECWP	Economic Cooperation Work Program. One of the two pillars of the AECSP.
ERIA	Economic Research Institute for ASEAN and East Asia
FDI	Foreign Direct Investment
FJC	FTA Joint Committee
FTA	Free Trade Agreement



GRP	Good Regulatory Practice
HS	Harmonized Commodity Description and Coding System
IPC	Intellectual Property Committee. A subsidiary body of the FJC.
MNP	Movement of Natural Persons
MSMEs	Micro, Small and Medium Enterprises
NTM	Non-Tariff Measure
NZD	New Zealand dollar
OECD	Organisation for Economic Co-operation and Development
PSR	Product Specific Rules (for Rules of Origin)
RCEP	Regional Comprehensive Economic Partnership
ROO	Rules of Origin
RPET	Regional Patent Examination Training
SC-ROO	Sub-Committee on Rules of Origin. A sub-committee of the Committee on Trade in Goods.
SC-SPS	Sub-Committee on Sanitary and Phytosanitary Measures. A sub-committee of the Committee on Trade in Goods.
SC-STRACAP	Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures. A sub-committee of the Committee on Trade in Goods.
SEOM-CER	Consultations of the ASEAN Senior Economic Officials and the Senior Economic Officials of Australia and New Zealand.
SPS	Sanitary and Phytosanitary Measures
STRACAP	Standards, Technical Regulations and Conformity Assessment Procedures
WTO	World Trade Organization